

THE PIRATES OF FINANCE

PRICE, 1/3.

**THE STORY
OF A GREAT
CONSPIRACY**

by

STANLEY F. ALLEN F.C.A. (Aust)

Chartered Accountant & Local Government Auditor

The Builder

*"An old man travelling a lone highway,
Came at the evening cold and gray
To a chasm, deep and wide.
The old man crossed in the twilight dim
The sullen stream had no fears for him.
But he stopped when safe on the other side,
And built a bridge to span the tide.*

*"Old man," said a fellow travelling near,
"You are wasting your time in building here,
Your journey will end with the ending day,
You never again will pass this way;
You have crossed the chasm deep and wide,
Why build you a bridge at eventide?"*

*The builder lifted his old' grey head:
"Good friend, in the path I've come," he said,
"There followeth after me to-day
A youth, whose feet must pass this way.
The chasm that was as naught to me
To that fair youth may a pitfall be.
He, too, must cross in the twilight dim,
Good friend, I am building the bridge for him."*

Thanks to Alf E. Norton, of Tamworth, for this contribution.

The Pirates of Finance

*The Story
of a Great Conspiracy*



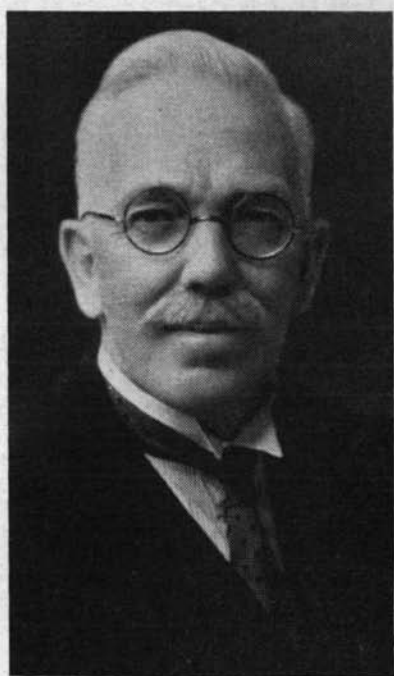
by
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The Author

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FOREWORD

For a long time Stanley F. Allen has been actively promoting democracy in Australia.

After World War One Mr. Allen became increasingly interested in economic reconstruction as a necessary basis for a peaceful world.

His experience as a Chartered Accountant and Local Government Auditor, knowing the effects of the Bankers' Debt System, has led him to stress the financial factor in economic reform.

Fearing Society might well be crushed under an ever-increasing public and private debt, Stanley Allen wisely urged transferring money from a debt basis to one founded on the economic and social requirements of the community.

Mr. Allen has always been on the alert to expose schemes to limit the usefulness of the Commonwealth Bank of Australia, and has consistently advocated the services of that bank to the people.

Recently he has been pointing out the danger to freedom involved in the Bretton Woods Agreement, which so far has not shown the slightest sign of bringing financial practice into line with economic practice.

In his many endeavours for the welfare of the community, Stanley F. Allen has rightly directed his attention to the education of ordinary men and women.

Quietly and persistently he has worked for their enlightenment, knowing full well that the development of a peaceful world depends on a general public evolving to a better life through ever greater knowledge.

Australia is fortunate to have Stanley F. Allen, who has never wavered in his determination to do his part in making the lot of the general public better.

LESLIE C. JAUNCEY, PH.D.,

San Diego, California, U.S.A., 1945.

Doctor of Philosophy at Harvard in Economics in 1929.

The Pirates of Finance

CHAPTER I.

The Old Order is Passing

To-day's spirit of revolt against the return to yesterday's order, like most revolutions, has its roots and measure of justification in the evils of Society against which the revolt is directed and which evils the people are recognising as unnecessary in this Power Age.

All down the years it is clearly seen that finance has been the dominating power—it pulled the strings—it was King and Parliament wrapped in one—it was the unseen hand.

In short—the Financial Pirates robbed the people of their rights to be democratically governed—besides robbing them of their production and treating the people as slaves to financial power.

To-day the people are beginning to recognise this fact more clearly than is revealed in some of the so-called democratic political set-ups. Some countries that are giving lip service to "Freedom and Liberty" for the people are themselves under the heel of Money Power.

It would seem that other than the complete destruction of our present civilisation by atomic warfare possibly nothing threatens our present freedom to live as humans should live, than Finance, which to-day is focussed in Dollar Imperialism as controlled and dominated by the Banking and Financial interests of America.

Hitler sought to govern and dominate the world militarily but the Money Dictators seek to-day to dominate it financially.

The question for man to determine is—will he make the Money Mechanism his servant or continue to allow it to be his master—his slave driver?

SOMETHING TO PONDER OVER.

The fundamental flaw in our Banking and Monetary System is: That while you and I and the rest of the community throughout our lives create real wealth (Goods, etc.) at great cost—we have permitted a Private Institution (the Private Banking System) to create nothing but money (Financial Credit), at practically no cost.

This Financial Credit they loan out as a debt at interest on the real wealth we, the people, create.

We wonder why poverty exists side by side with plenty, why we have excessive taxation, why we have the fears of economic insecurity, depressions and wars.

Well might we ask, in this Power Age, with its tremendous possibilities in the means of production, what is it that stands between the vast reservoir of production and the multitude throughout the world in want and living in the fear of want, also in the fear of further depressions and wars?

To some the answer will appear almost too simple, **it is Finance**, which is the means of distribution and is purely a ticket system (notes and cheques) and a man made and man controlled mechanism.

We could well illustrate this better by depicting a huge reservoir with the dammed-back water extending almost out of sight and below the spillway, the hungry, fertile land crying out for water. On top of the spillway is seen the top-hatted Banker-Financiers in charge of the outlet control taps. It is in their hands to say whether we are to have an over-supply or under-supply, whether it is to be inflation or deflation, whether it is to be boom or it is to be poverty amidst plenty.

This private control of finance enables them to gamble in their own interests with the vast wealth and resources created by the people.

Would the people tolerate the private ownership and control of our Water Supply System in these times? Yet Finance is our means to life.

We have shown ourselves quite unable to retain in our hands the Sovereign Power of the State.

Behind us is always a force, screened from view, that dictates the policy of Government, Industry and People. That force is Finance. It therefore behoves us to learn all we can of what Finance means in plain human terms—and I trust this book will help to inform many more thousands of people on the causes of war and its associate problems.

I seek not to attack Bankers, as such, but rather the System itself.

THE BANKING SYSTEM.

"Probably no country in the world has such able, upright controllers of the Banking System as we have."

"One of the very reasons why the devil has never been sufficiently visible to provoke revolt is the fact that some of the most honest men have devoted their lives in all sincerity to the elaboration of this nevertheless dishonest System."

"Because they have rarely been over-greedy, they have worked the System sufficiently well to mark our decline to the servile state by imperceptible stages."

"But while they continue to work such a System, based upon power without responsibility and profit without production, misery and degeneration have walked at the head of the procession of modern progress."

The foregoing is taken from the writings of the Earl of Portsmouth, of whom "London Punch" says: "The Earl has written the wisest, most patriotic and most stimulating of books."

CHAPTER II.

Money—What Is It?

Sir Basil Blackett, a noted London Banker, in a 1931 Halley Stewart Lecture entitled: "The World's Economic Crisis," said:

It is said in proportion to their number there are more chess experts in the lunatic asylums than any other class, and next to them come currency experts.

"In view of what we have done with currency and what currency has done with us in the last twenty years, we are all of us fit for a lunatic asylum."

"If many currency experts go mad, it is the natural result of their coming face to face with the insanity of the monetary systems with which man has tortured himself ever since he passed from barter to money.

"Money was meant to be a yard-stick with which to measure the value to be put on commodities and services in process of being exchanged for each other, but throughout the ages mankind has never been able to devise a monetary yard-stick which did not at one time measure an inch and at another a hundred or more inches."

The man with the Banker's pen has persuaded the man in the street that the money which the magician lends him comes out of the banker's vaults.

The story of paper money (printer's press money, in notes, cheques, etc.) and its beginning would be fascinating if the events that followed had not been so disastrous.

It is tragic to realise what an assistance and blessing money could have been to man if controlled in his interests and made to be his servant instead of his master.

It used to be claimed in olden times that the most prized possession of a father was not gold (for gold was then the most useless of metals), but a strong, healthy, hard-working daughter, and she was looked upon as his property.

He did not worry about providing a dowry to ensure her marriage; it was the prospective husband who recompensed the father before he would leave her to his care.

Good milking cows were as rare as good, strong girls, so one wooer dropped upon the happy notion one day of offering a cow to the father for his daughter. The contract was made and cows became, probably, the first money in history.

Since then almost everything that can be imagined has been used as a money token.

SEA SHELLS AS MONEY.

Shells, leather discs, ornaments, beads, feathers, carpets, fish hooks, spears, bronze, silver and gold, and, later, the receipts of the Goldsmiths for gold lodged with them for safe-keeping have all been used as money.

There is a story told back in 1935 (taken from a well-known American Magazine) of rat's tails being used as money—and it's not a fairy tale either.

"A wrecked ship left many rats, which threatened to over-run Lord Howe Island and destroy the palms.

"Now, ratting has become a major industry and people get a bounty for each tail they turn in. Islanders catch as many as a thousand in three months. Sometimes tails are issued for currency, but the Lord Howe story that one was left in the collection plate at a church is perhaps exaggerated."

Many years ago, the French Governor of Canada, we are told, found that "the colonial supply of paper money was getting short and the worse for

wear and, as Paris turned a deaf ear to his reports for further supplies, he seized all the playing cards of the soldiers." To these he gave certain face values and, signing them, he put them into circulation as currency. It is stated that they acted perfectly for almost a century.

THE TALLY SYSTEM.

What was known as the Tally System operated in England for 600 years and was introduced by a son of William the Conqueror.

"Rods of Hazel and Linden wood had notches and writing on two sides, representing from £1,000 to one penny. These rods of wood were split longitudinally, one-half distributed as money, the other half retained in the Treasury in payment of debts or taxes; it was matched and tallied with its other half and cancelled."

"When the Bank of England was founded in 1694, there were over £14,000,000 of these tallies in circulation. When the Bank increased its capital by one million pounds two years after its formation, £800,000 was subscribed and paid in these wooden tallies."

Money in itself is not wealth. Its value is not in the material of which it is made, but is in the exchangeability and acceptability in return for goods and services rendered, which constitute the real wealth.

THE GREAT DISCOVERY.

It was the Goldsmiths of England who, realising that many people would be glad to pay them interest for the use of the gold lodged with them for safe-keeping, became the first bankers.

As the call on this gold was limited, and as those to whom they lent it invariably left it with them, issuing orders from time to time as to whom it was to be paid, the recipients also depositing the gold with them for safe-keeping, they found that **they could lend many times the amount they held in their strong rooms, and that not even their own.**

From that time, this discovery has proven most profitable for all those associated with creating money (financial credit) out of nothing and loaning it out at interest. **It was the principle upon which the Bank of England was founded.**

It also gave rise to the birth of the cheque, which now comprises more than 95% of the money we use from day to day, the Commonwealth created money—i.e., notes and coins—representing only from 2 to 5 per cent. of the currency.

The method used was as follows:—

- (1) Either the Goldsmith would give his customer a written promise to pay himself or to his order, or to bearer, on demand, such a sum as he asked for (these promises were in simple writing and were called "Goldsmiths' Notes"), or
- (2) The customer would write a note to the Goldsmith, directing him to pay a certain sum to a person, or to his order, or to bearer, on demand. (These notes were at first termed "Cash Notes," but in modern language they are called "Cheques").

To-day the cheques we draw are simple orders on our bankers to transfer from our account to another person's account, or to pay cash on demand.

People found it much more convenient to lend their money to the Goldsmiths, where they could get it whenever they pleased, together with high interest, than to lend it out on real or personal security.

The Goldsmiths soon received the rents of all the Gentlemen's estates which were transmitted to town. Five or six stood pre-eminent among their brethren, and Clarendon says that they were men known to be so rich and of such good reputation that all the money in the kingdom would be trusted in their hands.

After gold went out of circulation as ready currency, the note currency came into circulation. This was demonstrated at the outbreak of war in 1914—when the Bradbury notes came into existence.

The history of that remarkable issue of currency has thus been told by Dr. Wm. Shaw, Currencies Historian and Keeper of His Majesty's Records at the British Treasury.

"During the war, England discovered the true principles of a State issue of paper money and benefited unspeakably . . .

"The control of the amount of moneys actually in circulation lay entirely in the hands of the community and was determined by the community's needs for currency."

Another outstanding incident in Note issue was Abraham Lincoln's "GREENBACKS,"—a note currency with which he financed the American Civil War free of interest.

Lincoln's decision to issue his own notes was made when the banks asked exorbitant interest rates of from 24% to 36%. He contended and stated:

"Money is the creature of law, and the creation of the original issue of money should be maintained as an **exclusive monopoly of National Government.**"

"**The privilege of creating and issuing money is not only the supreme prerogative of Governments, but it is the Government's greatest opportunity.**"

When this is done—

"Money will cease to be master and become the servant of humanity. Democracy will rise superior to the Money Power."

Naturally, there was opposition, as the following statement from a letter to Col. Edmunds Taylor in December, 1864, which could only have been written by Lincoln himself, indicates:—

"Chase thought it a hazardous thing, but we finally accomplished it and gave to the people of this Republic the greatest blessing they ever had—their own paper to pay their own debits."

Charles Howell, who lived during the "Greenback" money period, writing in his book: "Civilised Money" (published 1895), states:

"The Greenbacks never in the least depreciated, for they were the measure of the unit of accounts in all transactions; they were the measure of exchangeable values of all commodities."

PROGRESS IMPLIES CHANGE.

Man's progress from savagery to civilisation has depended upon his ability to adapt himself to changing conditions. The greatest obstacle to progress is man's inclination to follow tradition and his reluctance to leave well-trodden paths and blaze a new trail, SO LET US IN AUSTRALIA PAVE THE WAY!

Looking back over the years, one wonders at two of man's great inventions: Watt's discovery of steam power and the Goldsmiths' discovery of money power.

Machine power has to do with the means of production; money with the means of distributing what is produced.

Both have been and are essential to mankind's progress; the machines to take the load from human backs and to provide more leisure and opportunities for enjoying life, thus lifting man out of the jungle and raising him from his animal existence; money to save man the trouble of barter, with all its inconveniences.

Unhappily, owing to the greed of man, it has not worked out as smoothly as it should have done, but that does not mean that we must continue to tolerate the despotism of the private controllers of finance.

CHAPTER III.

The Money Changers and the Temple

These types of pirates often set up their benches and balances in the market places and even inside the temples, both being centres where likely customers tend to congregate.

The business of these people would consist of buying and selling gold, silver and foreign coins.

They naturally developed the ability of detecting base metal; were quick in estimating the equivalents of one currency in terms of another, keen in driving a hard bargain, ruthless in taking advantage of their customers' ignorance or slow-wittedness.

It is said that when in Jerusalem "Jesus went into the Temple and looked round about upon all things." His eyes were opened to the doings of the pirates of His time.

Temple revenues were large and unfailing, for the moneyed aristocracy were the high-lights of the gathering.

It was an hereditary aristocracy religiously buttressed—and these high-priests of finance—received the first fruits of all the produce brought there as sacrifices and offerings.

Besides being the centre of a busy trade the Temple was also a kind of pirates' banking house.

Money was deposited there for safe keeping. Josephus says "the wealthy had there built chambers for themselves."

This, evidently, was because of the sanctity of the place, which gave a measure of security.

Traders exacted a ceremonially advanced price, because the Temple walls shut out competition from the outside, and the traders and the priest would divide the profits.

The Temple tax was payable in the Temple currency only by reason of that old statute of Israel which declared that "no coin bearing the image of a despot or potentate could be recognised as legitimate."

This provided work for another class of traders, the money-changers," whereby a further extortion was practised upon the poor.

The few princely and traitorous families were living in sumptuous ease; Herod was gorging himself with infamy in his palace in Jericho, and the Roman invader was drawing millions in revenue out of the country to support obscene orgies on the banks of the Tiber."

"They find heavy burdens and grievous to be borne, and lay them on men's shoulders, but they themselves will not move them with one of their fingers."

Jesus' outburst against the money changers was not mild by any means—seizing several of the thongs by which animals had been tied and which were scattered about on the flagging, He twisted them into a lash and with it He scourged an entire section of the Temple merchandisers out of the court and on to the street.

It is written "My house shall be called a house of prayer, but ye have made it a den of thieves."

Such an outburst, at such a time and in so important a place would not have been possible without the backing of the populace.

He was most denunciatory against those who "layeth up treasure for himself"—at the expense of others.

To hawk and tear at the fabric of Society's oneness by means of economic wrong, was to Him the great sin. He could not acquit it of blood-guiltiness. Jesus was lenient towards sins of the flesh—they bring their own punish-

ment—but economic sins are not so soon discoverable—they sink deep in the social structure, like white-ants that work in dark places until the structure is in a state of collapse.

Jesus did not mince His words, nor was He mild in His words of denunciation. "Woe unto you", "Ye devour widows' houses, ye shall be cause of greater damnation", "Ye blind guides", "Hypocrites", "Ye strain at a gnat and swallow a camel", "Full of extortion and excess."

One wonders what would have been his attitude in these times where millions of the world's people are unable to acquire that which this age can produce.

The money changing business also exists in our time, but it is looked upon possibly, as a respectable profession for "Gentlemen of Venture."

Like everything else, money-changing and usury have been subject to changing methods and customs.

Legitimate lending of money has become involved with the loaning of money or credit that is "costless to create."

CHAPTER IV.

Usury

Professor Julius Huxley thinks that "the most vital problem of these modern times is whether modern man, with the enormous powers science has recently placed in his power, will use it for advancement or insanely permit the cancer of usury to destroy himself and this civilisation."

In ancient times the loaning of money set up an odious debt—slavery. The fields of wealthy Romans in a great measure were tilled by gangs of abjudicated debtors.

The Creditor could take possession of the debtor and carry him home also keep him in chains.

In the third and fourth Centuries of the Christian Era the Creditors in these Roman Times could put the Debtors to death or sell them as slaves.

Saint Jerome, one of the early Church Fathers, when asked whether a person who lent a bushel of corn that gave in return, when sown, tenfold, was not entitled to something more than the exact return of the bushel of corn he had sent, replied in the negative. He said, "Whatever a man soweth that shall he also reap."

EARLY-DAY CHRISTIANS.

In England in the early days the Christians taught and believed that it was opposed to the Christian principles to loan moneys at usury on interest, and during those times both the Church and the State, as they were practically one, saw eye to eye on this evil.

In the 14th Century the crime of loaning money at interest was made a capital offence, and during the reign of James I. it was held that the taking of usury was no better than the taking of a man's life.

The Jews, racially and temperamentally, were the most capable in the banking and money-changing business and it is not surprising that large numbers of them followed the Normans to England.

For two centuries they remained undisturbed in their activities and settled in Colonies called Jewries in the large Cities—old Jewry is the street in which they lived.

The Anti-Semitic agitation has been flaring up all down the ages. It was Edward the First who sought to put down the Jews and he, it was, who issued a decree for their banishment, and they were not permitted to settle in England for 400 years.

The Estates of Usurers were forfeited at their death and their children disinherited.

It was, however, Oliver Cromwell, in the late 17th Century, who relaxed in their favour the rigid prohibition which had hitherto been maintained.

The Jews might not lend at interest to their fellow Jews, though a Mosaic dispensation allowed them to charge the Gentiles, which permissive action probably resulted in the racial flair for finance which the Hebrews have already possessed.

It was not until nearly the 16th Century that the attitude of the Churches veered round on their previous principles; first the Reformed Church, and later the others, and the canon law ban on the practice was lifted—following this lifting of the ban of making of loans it was considered a respectable profession.

It is quite understandable how the Jews became, for the most part, the money-lenders and the Goldsmiths of England.

They lived outside the authority of the teachings of Jesus and the New Testament and therefore could ignore the demands regarding usury.

There must have developed secretly or otherwise a great conspiracy to gather and hoard the money of the country and cripple industry and government.

The Jews sought, evidently, to cause a scarcity of finance in the hands of Parliament, hence the Christian conscience against usury was weakened when the money-lending business was legalised about 1690.

REPEAL OF USURY LAWS.

The repeal of the usury laws in Great Britain granted concessions to interest-receivers to exploit the people, and this in a world enriched by centuries of discovery and progress in the nations remarkable for their professions of Christianity!

This economic disease, usury, cannot cure itself; it must be dealt with scientifically. Such a cancer that is devouring the social and economic life of a nation must be wiped out completely, and particularly the modern Bankers-debt money form of usury. The historical conscience has always detested usury and now that it is in supreme control the world has become a world maddened with greed and hatred, and that control has year by year drifted into fewer and fewer hands, leaving the rest of humanity as economic slaves—whether those slaves be termed employers or employees.

A well-known English writer has stated that "a moderately sized concert hall could hold that small section of usurers who control the British Empire."

Since that statement was made, it would appear that that small group is now represented as the International Financiers of the world who meet regularly—as they did during World War No. 2—to determine how their economic slaves in different parts of the world shall live.

Pope Leo X. in 1515 said: "Usury is properly interpreted to be the attempt to draw profits and increments without labour, without costs, and without risks out of the use of a thing which does not fructify."

Usury in the early days was not a question of exorbitant or illegal interest but just interest itself.

Christians supported the moral and spiritual objections as set forth in the Scriptures, and for the theoretical and technical objections along the lines of Aristotle's declaration—which claimed "that money is infertile, does not breed, and therefore cannot reproduce itself in the form of interest without violence being done to justice."

Aristotle also stressed the idea that "money is a symbol." In the early periods man's economic life was centred around the purpose of work—to satisfy natural needs as, so Antonino said, "Production is on account of consumption."

From the Church of the World, by Hudson and Rickett, usury was regarded as—

- (1) A crime against justice, because it was a transgression of reality, since as Aristotle declared, "Money does not breed money."
- (2) A crime against Society, since it tended to put men into the power of others, and thus diminished the prospect of neighbourly relations between them.
- (3) A direct indulgence of avarice, since the individual gave no service, for the money lent, and in demanding a charge for it was therefore practising extortion for the indulgence of an insatiable desire for gain."

The Church early recognised that with the development of money use, instead of barter, it was essential that the medium of exchange must be made to function justly—in order to see that work satisfied human needs for life.

It was through this belief that two vital principles were set forth as essential, viz., there must be always established "a just price" and usury must be eliminated from the dealings between peoples.

THE "JUST PRICE."

The idea of the "just price" rested upon the conviction that the real, as distinct from any artificially inflated cost of an article, was capable of being ascertained.

Dr. Devant spoke of it as "an institution for the maintenance of equity, based upon the exchange of equivalent values between individuals."

We cannot in our day arrive at "a just price"—because of the manipulation of the money means of distribution—and because of the System of usury.

None of the seven civilisations that have preceded this present one had a fraction of the powers we possess to-day to save them from disaster, but owing to the lack of intelligence, these peoples in all these earlier civilisations, reverted to barbarism.

The world of to-day discloses on the one hand tremendous progress in the power of producing the necessities of life, but on the other hand we have developed a form of usury more subtle than of old, with effects socially disastrous—a form which robs mankind of the full benefits of this so-called progress.

"Money has come to be considered the living organism, and the (productive) undertaking with its human activities as the feeder and instrument of money."

(From Religion and Culture).

CHAPTER V.

Piracy

The reader may be disappointed if he expects, in the following pages, to find a hair-raising story of piracy on the high seas—or a second “Treasure Island.”

The purpose of this book is to set forth the facts concerning the piracy on high land, associated with our Banking and Money Mechanism.

Robbery on the high seas was apparently very much mixed up with maritime adventure—the sea rover being frequently pirate as much as trader.

“The Moslem rover scoured the Mediterranean, comingling naval warfare on a large scale with peddling, thieving, and abduction of slaves.”

From Robert Louis Stevenson’s book, we read:

“Here it is about a gentleman of fortune”

“They live rough, and they risk swinging, but they eat and drink like fighting cocks, and when a cruise is done, why it’s hundreds of pounds instead of hundreds of farthings in their pockets.”

“Now the most goes for rum and a good fling, and to sea again in their shirts.”

“But that’s not the course I lay—I puts it all away, some here, some there, and none too much anywhere, by reason of suspicion.”

By “a gentleman of fortune” they plainly meant neither more nor less than a common pirate.

Chambers’ Encyclopaedia tells us that: “Captain Kidd is, in the popular mind, the chief representative of the picturesque type of pirates, whose career or black flag, alternating with luxurious debauching has come to be surrounded with a halo of romance.”

“So late as 1864 five men were hanged in London for murder and piracy.”

“Piracy is recognised as an offence against the law of Nations,” but not so Financial Piracy of our times.”

“Piracy on the high seas is a crime not only against any particular State but against mankind, and may be punished in the competent tribunal of any country where the offenders may be found or into which he may be carried, although committed on board a foreign vessel on the high seas.”

High sea piracy was, therefore, looked upon as an enemy to the community, but we have, through time, made the Bankers’ money piracy business so respectable a profession as to hide from sight the fundamental basis of that System—with its power over Government, Industry and People.

One wonders how long mankind will suffer economic depressions, insecurity and war, by permitting this modern System of piracy to continue, and when will it be recognised as a crime against humanity as a whole.

It is the essence of sea piracy that the pirate has no commissions from a Sovereign State or from one belligerent State at war with another.

PIRACY IN ANY FORM IS OUR COMMON ENEMY.

“Piracy being the common enemy of all mankind and all Nations having an equal interest in their apprehension and punishment, they may be lawfully captured on the high seas by the armed vessels of any particular State and put to trial.”

This is not so, as yet, with the Pirates of Finance on high land; they rove the world unmolested and very little interfered with.

They manipulate the Monetary System to suit their own ends, mainly by deflating and inflating the value of purchasing power.

"Although the yard cannot be stretched to suit the buyer or telescoped to suit the seller, the pound can." "Although the 1lb. cannot be 8 ozs. one day and 32 another, the £ can buy what 10/- would have bought a short while before and what 40/- may not be able to buy a short time hence."

The money monopolist knows no fatherland, no State—knows no god but Mammon.

He declares allegiance to no country—he cares not who are elected to office provided he controls the purse strings—as John Mayer Rothschild, in 1790, said:

"Permit me to issue and control the money of a Nation and I care not who makes the laws."

CHAPTER VI.

William Paterson, The Pirate

This Chapter tells of the story of one who gave up his profitable business as a Pirate on the high seas to take on a more profitable undertaking on land—that of financial piracy.

He was a Scotchman, born at Dumfries in 1658, and one "whose antecedents were gravely suspected."

Paterson had become a merchant in London in the epoch-making period of 1694.

It is said that he once had been a preacher—but it's hard to believe after reading of his adventures on the high seas and on land.

"He was absent for some time and turned up again on the Spanish Main; then he absconded for further periods, coming back to London this time with a considerable fortune."

"Seafarers who had the misfortune to come across Paterson on the high seas said he was a hard-headed, hand-over-the-cash-and-clear-out pirate."

This was a nice type of man to start the Bank of England and to give it his blessing!

"A Treasure Island gentleman of fortune." "They lives rough and they risk swinging."

A gentleman merchant—Banker's pirate, who surely must have thrown overboard at sea whatever Christian principles he previously preached upon.

It is said that he was a unique Pirate of the Seas, amassed a large fortune, and naturally people were most curious to know how he came by it all.

Paterson quite openly admitted he had helped to raise a sunken Spanish Galleon that had a treasure amounting to £300,000 in her hold.

That was quite a tidy treasure for this pirate to come upon in those days—of course there was no fear of the Taxation Department asking awkward questions—his hoards were not bank notes—he had his own black market—piracy.

His black market policy was that of getting much for nothing by any means and by selling in the dearest market his spoils.

That was the policy he established on land under financial piracy, and it has come right down to our times.

That canny Scot-pirate-economist was also remarkable and notorious for his many schemes, one of which "ruined half of Scotland," says H. D. McLeod.

He had evidently travelled widely, and during his absence from London must have studied the doings of many foreign Financial Institutions and other financial pirates.

Most of his schemes proved abortive—but eventually he landed a safe and profitable one for himself and his associate pirates.

This was when he founded the Bank of England.

It was this same William Paterson who evidently was cute and canny enough to discern how the Goldsmiths put over the great money trick, when they issued paper receipts in excess of the gold they held in safe keeping for others (which receipts were used as money). This was a great and useful discovery—but it has also become the reason for debt and its consequences.

At the foundation of the Bank of England, this notorious person (William Paterson), this man of venture, made the outstanding confession which Bankers and their highly-paid Economists and others do their best to refute.

"MONEY OUT OF NOTHING."

"The Bank" (says Paterson, meaning the Bank of England) "hath benefit of interest on all moneys which it created out of nothing."

So began the Bankers' great conspiracy that has been the means of engulfing the world in debt—which has meant the institution of a form of economic servitude that mankind finds almost impossible to rid from the world. Revolutions, wars and economic crises have all failed to throw off the piratical monster of debt slavery.

THIS SO-CALLED BANK OF ENGLAND William Paterson discovered, as the Goldsmiths discovered, that it was easier to "create money out of nothing" than it was to create real wealth (goods and services) and even much easier than the risks taken in piracy on the high seas.

It was the beginning of a glorified confidence trick—a form of piracy which has come right down the years to our present day.

Unfortunately, so many of those who should be aware of its methods and of its results, are quite ignorant of this great fundamental flaw in our economic social structure and only begin to think about it when a depression hits them. Put in simple language, I would say that the fundamental flaw is, that while we, the people, at great cost throughout our lives, create the real wealth and give services, we have permitted a privately controlled and owned institution (The Private Banking System) which creates nothing but money (Financial Credit—cheque currency and Ledger Entries) at practically no cost, and loans it out at interest on the wealth we have created and propose to create.

By so doing they possess a debt or lien, or actual ownership of all the wealth the people create.

This Bank of England came into being at a time when corruption was rampant—it was, so to speak, bred in corruption and founded on the bankers' make-believe money trick—and besides, it was associated with men well versed in the arts of piracy.

OUT OF NOTHING.

This "Out of Nothing" phrase of the pirate Paterson seems an unusual statement when associated with money.

"Man makes Goods, Banks make Money out of nothing."

"Silly statement," says the Bankers' paid Economist; "unbelievable," says the business man who has little time to think out why he is taxed—but it is true! In fact it seems too good to be true, says someone. Yes; but our present debt-money system is too stupid to be right.

This money trick of Pirate Paterson was learned from the Goldsmiths and their dishonest clerk.

He had no need in those days to conceal his idea or to argue as some do to-day—that a bank only lends its depositors' money. Such a statement has now been ably proved and admitted to be a complete fallacy.

Paterson was obsessed with his discovery that a Bank of England could be established with possibilities of making much more profit than the Goldsmiths had ever made, and besides, it would have the Government's backing behind it—in manufacturing "money by a stroke of the pen," using the definition given by Hedley Robinson (a member of the Bankers' Institute, London).

Pirate Paterson was different from Montague Norman (late Governor of the Bank of England) in that he, the Sea Pirate, did not worry himself about gold so much when establishing the Bank.

Norman was obsessed with the gold-magic and stressed its needs as a backing for the Bank's cost-less-to-create money.

It is strange that a counterfeiter of money may be liable to five years behind the bars, but the Banking Institute gets 3 to 5 per cent. in interest for depreciating the currency already in existence.

Paterson, this "most handsome courtier", knew the art of psychology to his finger-tips—he did not need to carry on the art of open piracy, so necessary on the high seas—when it came to land piracy.

By some he could even be looked upon as an "honest crook" because he had the cunning and the intelligence necessary for financial piracy—"a gentleman of fortune."

The getting of money by fair or foul means on land or sea was no great effort to Paterson—he recognised the fact that while others worked and laboured to create wealth and to give service the Pirate Financier could carry on the lucrative practice of making money quickly at no cost.

The rise to power of this Pirate, William Paterson, was when William III. of Orange came across from Holland to occupy the English Throne at the behest of the British Parliament.

To some extent the King was not very popular, and this may have been due to his being a foreigner. Besides, he was new to the country and was naturally, not fully conversant with the ropes that had to be pulled.

Corruption was widespread; the Goldsmiths had become fabulously rich on their interest charges made on the newly-discovered paper money created-out-of-nothing, invention. They had continued their policy of loaning up to ten times the amount of gold they actually possessed by issuing receipts for gold which was not in their vaults—and which their customers were made to believe existed.

Merchants and trade monopolists became also wealthy through profits from the slave trade, and Kings and Princes shared in the plunder.

The agricultural labourer was little better off than a serf; coal miners were as chattels bought and sold with the mines in which they worked, and the common people as a whole had no privileges—except to work, to fight in the wars, and to pay taxes and tithes.

It was about this time (1694) with the Treasury as empty as Mother Hubbard's cupboard, that King William found himself in desperate straits for want of money.

The Goldsmiths were not keen on financing the King's exploits of war after their serious experience with Charles the First.

"Once bitten, twice shy" was their attitude to his desire for funds. He came as a beggar, so to speak, to the Goldsmiths for at least £1,200,000, and was prepared to pay 8 per cent. interest.

The Merchants, also having been filched before, agreed along with the Goldsmiths, to say "No William, we are not on the loaning market."

They used to say that you cannot carry on with a war without money. The late President Roosevelt, in World War No. 2 period, said, "cut out the dollar sign, and the financial nonsense," meaning that materials and men come first. William, however, and his unhappy crew felt they must get money by 'hook or by crook' if the ship of war was to keep afloat.

They tried all manner of dodges to 'raise the wind'—they even tried lotteries, we are told.

It was a desperate plight that this William III. was in, as all these makeshift schemes had failed.

Another William came forth to battle with the King's dilemma—and so the Scotchman and the Dutchman put their heads together, or rather the Dutch King put his ear down to listen to the Scottish pirate financier, who said: "I have a great plan."

Like all great inventions when brought to light, this one of Paterson's was so simple and almost unbelievable, that it must have seemed an eye-opener to the bewildered King—he must have gasped and said "Good God—why did we not think of this before; how simple!"

This must have also been said when Watt first discovered steam-power after watching the lid of the kitchen kettle lifting under steam pressure.

Paterson's simple, yet powerful proposal was that, instead of trying to borrow finance from the unwilling Goldsmiths, Parliament be requested to authorise the establishment of a Bank, to be named, the 'Bank of England' and to be empowered to issue the necessary money as a loan—of course the Bank to have the "benefit of the interest on the money it created out of nothing."

It's a gold mine without the gold—a bank without real wealth—an Institution to be based on a confidence trick!

CHAPTER VII.

The Period Prior to the Beginning of the Bank of England, 1640 to 1694

The conditions from 1640 until the founding of the Bank of England were in a chaotic state.

Charles I., being at his wit's end for money, because supplies had not been voted before dissolution of Parliament, seized upon the Merchants' bullion and cash in the Tower to the amount of £120,000.

This sum would appear to our Parliaments to-day as a mere bagatelle—a Petty Cash item—especially after our millions in loan floatations.

The Merchants eventually agreed, after a secret caucus meeting, to grant a loan of £40,000—which was eventually paid back with interest added.

The act of seizure however, caused the Merchants to be a bit sceptical, and determined to keep their cash hidden in future—behind the mantelpiece, so to speak—or kept in charge of their own clerks.

However, their hidings proved unsafe, and their Clerks turned out to be more dishonest than the King himself.

Their were no Fidelity Insurance covers against dishonest Officers in those days and, therefore, the Merchants carried their own risks.

No wonder the storeroom of the Goldsmiths eventually proved the most attractive place to leave money in hiding.

It turned out that many of the Merchants' Clerks joined up in the Army taking off with them the embezzled money of their Masters and others, loaned it out to the Goldsmiths at interest.

This latter procedure is like unto what we are doing to-day with our surplus unused money—we either hoard it or we place it at fixed deposit with our Banker and he gives a smaller interest on the deposits than he charges on his advances.

Of course our surplus money generally represents hard-worked-for earnings, put away for a rainy day.

THE MINISTERS GO CAP IN HAND.

When the Monarch had to pay off the disbanded armies, some hundreds of thousands of pounds were required in a few days. Taxes were coming in too slowly to meet the demands of the situation and they were also inadequate in any case; the wages budget alone could not be balanced. As a consequence the Ministers had to go cap in hand to those who controlled the money situation and returned realising that the King's affairs could not be carried on without the assistance and co-operation of the banking gentlemen who could demand their interest charges.

This all sounds familiar in relation to our times when our supposedly democratic Institutions are forced to do the bidding of the Pirates of Finance who create and control our money mechanism.

We are told that the history of the succeeding years was beyond all comparison, the most disgraceful in the history of England, and in 1667 the Government was so infatuated with power as to rush into war with Holland.

Evidently money had gone to heads of the Ministers and forced Parliament to vote supplies of unexampled magnitude, but they were all embezzled by the Courtiers, who made fortunes.

The Seamen mutinied for want of more pay, and we are told "that the ships were rotting for want of use."

It certainly was something more than "a wharfies' strike" over handling of over-sized bales of wool!

The Goldsmiths evidently were not looking anxiously for Government Securities—for they already had experienced the Government's pirating of their funds.

Charles I. had discovered that the Merchants of London had nowhere to safeguard their idle money, except in the Government Mint. The sum of £200,000 that was lying idle there looked like pollen to a bee—too good to be true—so the King's temptation got the better of him and he had the money confiscated.

After much protest and argument Charles agreed to call it a loan—quite an easy way out.

Having learned a bitter lesson, the Merchants decided that in future the Goldsmiths' strongroom would be a safer place to protect their money.

The business of the Goldsmiths was booming and trade expanded, so they decided to place £1,300,000 with the Government Exchequer.

Charles II. got wind of this vast hoard and, being like other Kings—hard up—he pirated the lot for his own ventures.

CONSPIRATORS SUSPEND PAYMENT.

By proclamation he suspended payment out of the exchequer for one year—the move was so quickly and cleverly carried out that no one, except one or two intimate friends of the conspirators, had the slightest warning.

The consternation was dreadful in the City, many Merchants were financially ruined, and all classes of Society suffered as a consequence of this theft. Widows and orphans who had no other means of investment, had lent their all to the Goldsmiths.

Many people went insane, and suicides were numerous. The upshot was the King's action in 1677 of issuing letters patent, granting "to each of the Goldsmiths, their heirs and assigns, for the benefit of their creditors (depositors) in lien and satisfaction of their debts a yearly rent out of the hereditary excise, equal to 6 per cent. upon the debt."

The remaining debt due to the people over this bit of bare-faced financial robbery was afterwards consolidated with other debts associated with another financial swindle—the South Sea Bubble—and both form the first item of England's National Debt—which to-day represents a colossal pyramid of debt that has been built as a consequence of the Bankers' debt money system and which to-day is burdening the people because of the taxation necessary to pay the interest thereon.

During the autumn of 1694, we are told, the number of very grave and shrewd men met regularly in, of all places, Mercers' Chapel, in London, to discuss matters of vital importance to England and to the entire world.

Sir John Houblon, a Dutchman, and William Paterson, with a number of Goldsmith colleagues, were busily employed working out the details in connection with the founding of a bank.

CHAPTER VIII.

The Pirates Bank—The Bank of England

The formation and history of the Bank of England is almost as interesting a story as that of the Spanish Main, particularly as it was conceived in a Pirate's brain.

It seems impossible to ascertain the dates and places of the beginnings of some Banks, which have passed out without leaving any record of their history. It appears, however, that the first public bank recorded was the Bank of Barcelona, which is said to have been established in 1401. The Banco di Rialto, of Venice, was founded in 1584; the Bank of Amsterdam in 1609; and the Bank of Stockholm in 1656.

During the periods of Elizabeth, James and Charles I. and II., many schemes were launched for the creation of a Bank of England, similar to those which had been successful on the Continent.

The reasons given for proposing the establishment of banks were usually the financing of the Government and assistance to trade. It was felt that they would make trading easier.

Many schemes were put forward. One serious suggestion, which is quite unique, was that weekly a meat day should be officially observed to enable householders to subscribe to the bank a half-penny weekly on behalf of each member of the family. Even lotteries were suggested. Other ideas were that

persons should pay to the bank 10/- for a mortuary on departing this life; that taxes, to be handed over for the establishment of a bank, should be levied on the Livery Companies' feasts, and on the earnings of lawyers practising in the Courts.

Plans were generally set out in pamphlets, proposing most extraordinary ideas for "raising the wind (money)."

The outcome was that in 1694, William III. created the Bank of England by borrowing from a financial group £1,200,000 at 8 per cent. It was a loan in gold, although only part of it was subsequently advanced in gold, and, in order to get money at this low (?) rate of interest, the right was given to the lenders to issue and lend to the general public an additional sum of £1,200,000 in bank notes. This additional sum was thus "CREATED OUT OF NOTHING," using an authoritative definition of how banks make—manufacture—money.

Parliament was to see that the Bank had the right to issue "promises-to-pay" (bank notes) up to the amount to be guaranteed by Parliament, and then Parliament would borrow it. Ultimately, it was the public who would have to foot the bill if the guarantee was called upon.

It was a nice, bold, water-tight arrangement for those connected with the Bank scheme. The Goldsmiths were left out in the cold, having been replaced by a more powerful and privately-controlled institution for lending money backed by Parliament.

Naturally, when the founding of the Bank was mooted, the big Merchants wanted a finger in the Bankers' pie, and William, the Dutchman, and Mary decided that the idea was "just excellent." In fact, it went through Parliament without any stonewalling by the opposition and without recourse to the "gag." Although there was certain opposition to the Bill, Parliament had evidently become weary of the many projects for finding money and for establishing the Bank.

After facing up to a six-hour final session on the Bank Bill (quite a short period, measured by modern practice), Parliamentary benchers would be glad to see the end and to give a "yes" vote to get it out of the way. "Money talks," and they wanted money at any cost, by any means, and that was all there was to it.

So began this world-famed Bank, which subsequently carried out a policy, in many instances, of FINANCIAL PIRACY.

William Paterson, its promoter, knew full well that moneys CREATED OUT OF NOTHING and loaned to Governments and others at INTEREST would turn out to be a much more profitable calling for "gentlemen of venture" than roving the high seas in search of spoil, would yield much more than the £200,000 he salvaged from a ship lying at the bottom of the sea; more even than the hoards the previous Kings had confiscated.

The new Bank was given the somewhat unusual title of "THE GOVERNOR AND THE COMPANY OF THE BANK OF ENGLAND."

It is significant that the private banks always endeavour, as far as possible, to make the community believe that the Bank is linked with the Government, or with the particular country in which it is situated. This is done by adopting such titles as: "THE BANK OF ENGLAND," "THE BANK OF SCOTLAND," "THE BANK OF IRELAND," "THE BANK OF NEW SOUTH WALES," "THE NATIONAL BANK," etc. Strange, however, that the words "Governor and Company" came into the picture so early in the history of banking. It almost seems as though "coming events cast their shadows before them," when one recalls that the Bank's recent Governor became known as "THE UNCROWNED KING OF ENGLAND."

The first Governor was a Dutchman—Sir John Houblon, Lord Mayor of London.

"It was provided that the Bank should have a Governor, Deputy Governor, twenty-four Directors, and at least thirteen "Governors" to form a "Court of Directors" to manage the affairs of the new Company. All the members of this governing body, we are told, had to be English or naturalised English subjects, and had to own considerable bank stock, although no one could take up stock worth more than £20,000. However, King William's Company was made up of people from abroad who were not British in any sense of the word and, as naturalisation was not the formality it is to-day, in 1696 the law obligingly laid it down that Bank of England stock might be held by "any and every person, natives and foreigners, bodies politic and corporate who so subscribe." (Quotation from John Hargraves' book, Montagu Norman.)

"THE OLD LADY OF THREADNEEDLE STREET."

As the Directors of the new Bank had not arrived at the stage where they learned how to acquire property and other wealth by writing on pieces of paper (cheques) and making figures in Bank ledgers, the first home of the Bank of England was somewhat unpretentious and consisted of rooms rented in the "Grocers' Hall." However, the rapidly expanding business in "money manufacture" forced them eventually, in 1738, to seek quarters in the heart of the City of London, and they purchased a property of their own in Threadneedle Street.

It was not until late in the 18th century that the Bank was christened: "The Old Lady of Threadneedle Street."

Dickens coined the phrase: "A silver curl-paper (i.e., a Bank of England note) that I myself took off the shining locks of the ever-beautiful old lady of Threadneedle Street."

The Bank, under the law, was allowed to buy and sell bullion, to issue transferable bills and deal in Bills of Exchange, also to lend money on security. It was not permitted, however, to raise further capital to lend to the King, unless sanctioned by Parliament, this being a clause designed to keep the control of the finances in the hands of the House of Commons.

Apparently, the intentions were good, but events proved that the control was more abused than used, when such control concerned the Bank itself.

By the end of 1694, only 60% of the capital had been called up and paid up, whilst the Government had drawn the full £1,200,000 in notes and "sealed Bills." After this point had been reached, the Bank carried on a similar business to that of the Goldsmiths, but on a very much larger scale.

It was not only the Government which availed itself of the Bank's facilities; the merchants also made great use of the Institution. Of course, the Bankers' cheque (printing-press money) had not yet shown itself as the all-powerful mechanism which it proved to be in subsequent years and right down to our present time.

Withdrawals were mostly paid in notes of the Bank, and if the Bank purchased gold, it paid the sellers by means of its notes, or it credited the Sellers in the Bank's books, whence the money could be drawn out in due course.

The reader will discern, I trust, the beginning of the great system of financial piracy, which is still in operation and which enables banks to purchase Government and other securities by a mere stroke of the pen, payment being made by the simple process of crediting in the Bank's books the Government and others from whom they are obtained and debiting an asset account, so that the banks do not part with anything which could be classed as wealth.

The common, yet erroneous statement so often made by Bankers and their protagonists is that "Banks only lend their depositors' money." Let us nail this fallacy at once: W. Hedley Robinson, a Fellow of the Bankers' Institute, London, writes in "Money and the Citizen":—

"The budding Banker is still informed by his text books that the Banks canalise the savings of the Nation, which they release as loans to Industrialists and other borrowers, and so fertilise the production of the country.

"Actually, the Banks do no such thing. Instead, they manufacture 'Bank credit,' which is the same thing as Bank money, by the stroke of a pen."

The Secretary of the Treasury in Washington, in a letter addressed to 20,000 American Corporations on April 25, 1943, wrote:

"If the Government is compelled to go to the Commercial banks for the bulk of these funds, the result will be to increase inflationary tendencies, which are already serious."

The letter proceeds:

"When Commercial Banks buy Government bonds, they do not pay for them with actual cash taken from their vaults, but by placing on their books newly created deposits to the credit of the Government."

The purchase by the private banks of Government War Bonds at practically no cost during World War No. 1, was such a racket that it led to the action of the Australian Federal Government in World War II. in prohibiting Private Trading Banks from buying war bonds.

Like the Goldsmiths, the new Bank issued notes to the extent of several times its holding in cash, the Directors being the sole arbiters of the relative proportion to be maintained by their officials. This has developed into the present banking policy of lending £10 for every £1 held of Government-created money (i.e. notes and coins)—a system termed: "The Pyramiding of Credits."

The Banks are fully aware that if all their depositors ask for their money they will have to do as they did in England in August, 1914—close their doors until the Government of the day comes to their aid with the Nation's printed notes. (See further reference to this later). To quote Prof. Mills, in his book, "Money":

"So long as Depositors believe the Bank can meet its obligations, it can"—

It is only when they doubt the soundness of a Bank's position that there is a rush to withdraw their money. Banking is largely a great "make-believe"—if you "believe the Bank can"—it can meet its depositors' claims—but if you don't believe, what then?

THE CHEQUE SYSTEM.

It was not until some time after the founding of the Bank of England that the cheque system became the all-powerful instrument that it is to-day.

"The practice of cheque currency is said to have been begun in 1729 by Child & Company, who had notes partly printed and partly written, like the ordinary cheque. This was not altered until the 1844 English Banking Act made the Bank Note a certificate of a scarce metal—gold."

"Unable to expand with the industrial development, the Bank of Great Britain insidiously introduced the cheque currency—a way of creating money by a process of bookkeeping and transfer slips."

It would have been most interesting to have had a Balance Sheet of the Bank of England in those early periods, but, unfortunately, there are not any available, as there was no compulsion upon the Banks to publish any figures showing its complete position, nor did it see fit to take the country into its confidence.

During 1695, the Bank had to weather its first crisis and a set-back to its fortunes. This was following a Government proclamation and the passing of a re-coinage measure. Consequently, the demands of Note-holders, made serious by the fall of the Bank's credit through the Land Bank proposal and accentuated by the ill-will of many of the Goldsmiths, who sought to turn the occasion to the detriment of their powerful rival, soon resulted in the Bank finding itself desperately short of "sound money," and it was compelled to suspend cash payments.

This, I believe, was the first instance of a recognised banking Institution suspending payment to its creditors (depositors), but history has recorded many more such instances in connection with banks in different parts of the world, with disastrous results to Governments, industry and people. We have had them, to our cost, in Australia.

Private banks without bank crashes at some period of their existence would be like a country subject to serious earthquakes being free of earth tremors.

"It was fortunate for those London Merchants who shared in founding the Bank with the Governor and its many Directors that Stockholders had a limited liability (responsible only for the amount of their shares) and were able to lend money they did not possess by a process of bookkeeping against the Government's debt, as they had the advantage of holding the balances of the English Government—and thus, two years after formation, were able to give paper with no intrinsic value."

"The report submitted to the House of Commons on December 4, 1696, disclosed that the Bank had Notes issued to £764,196, with cash in hand amounting to £35,664—an issue of more than 21 times the cash which it possessed—and the Bank receiving interest on this amount, as they do to-day."

The Bank's growing success was evidently upsetting to certain people, whose profits it had diminished and who, prior to the founding of the Bank, had had an open field for exploitation. All the opponents united in an endeavour to destroy the new and powerful rival. They sought to collect the Bank's notes from all directions and on May 5, 1696, they hurriedly presented £30,000 in notes for payment. The Directors, knowing the purpose for which the notes were presented, refused payment, but continued their payments to their ordinary customers. Their enemies, however, went about, crying out that the institution was collapsing.

As there was a great scarcity of silver, the Bank was compelled to make a general suspension of payments. It gave notice that it would only pay 10% of its notes once a fortnight, but, as the demand continued, it was unable to maintain even that percentage and a short while later gave notice that it could only pay 3% every three months.

Parliament met in October, 1696, when the Bank of England was obliged to suspend payments in cash. It endeavoured to retrieve its credit by making two calls of 20% each on its proprietors. These measures, however, were not successful, and Parliament had to take in hand the business of restoring the credit of the Bank Notes and the Exchequer tallies.

PRIVATE BANKS DO NOT BROOK RIVALS.

Private monopolies do not hesitate to stoop to any trick to crush likely rivals, and seek to prevent the use of new inventions, unless they are likely to benefit therefrom.

So the Act of 1697 provided that "no other Bank should be erected, or allowed by Act of Parliament." It did not, however, prohibit private Joint Stock Banks from being founded, nor any corporation or company from setting up banking business.

At this time, the definition of Banking did not extend beyond the idea of the issuing of Notes. To prohibit any other body from so doing was considered sufficient to prevent any private Company from being formed of sufficient power and influence to rival the Bank of England, and it had that effect for more than a century.

Parliament evidently intended to confer an absolute monopoly of banking on the Bank of England, but loopholes were left in the Act, as is often the case.

The Legislators, not visualising the possibility of the effective use of other forms of paper money, with equal profit to the Bank concerned, restricted the monopoly to the single method of circulating credit by means of Bank Notes. I can do no better than quote what one of England's greatest authorities on Banking, Prof. H. D. Macleod, M.A., said in his book: "Theory of Credit," Vol. II, Part II, concerning the monopoly granted in 1697:—

"When we consider the unquestionable service the Bank had rendered to the Government, which contributed so greatly to the success of the war, and when we consider the terrific state of public credit when the Land Bank project failed, and the calamity of the Mine adventures, we need not be surprised that the Bank of England employed these circumstances for the purpose of securing a monopoly for themselves. Nor, considering the ideas of the age, can we be surprised that they received it.

"Nevertheless, after making all due allowances for these circumstances, it is one of the most deplorable Acts which have come down to our times.

"The founder and contemporaries of the Bank felt the benefits of its eminent services, but the consequences of this original sin fell with terrific force on their descendants of succeeding generations.

"The frightful convulsions and collapses of public credit which have taken place for more than a century are chiefly due to this great wrong and violation of the true principles of trade."

In 1709 the Government of the day was forced into serious financial embarrassment, as the taxes barely covered one-half the expense, and once again the Ministry had to go to the Bank of England for assistance.

The Monopoly Bank was out to gain further power and felt it could dictate terms. One condition was that the Bank's privileges as a corporation should be continued for 21 years from August, 1711.

At the time of, and before the South Sea Bubble incident, the ideas of one John Law, were put more into operation, for when the Bank of England was founded in 1694 its immediate benefits to Trade and Commerce were so manifest that the busy brains of schemers other than the Pirate Paterson, were set to work to devise Banks for the promotion of agriculture, the bank notes of which should be based upon land.

Prof. H. D. MacLeod said: "No one who does not thoroughly understand the great fundamental doctrine that money does not represent commodities can think rightly on the subject. Money does not represent commodities at all, but only DEBTS or services due, which have not yet received their equivalent in commodities."

John Law's ideas, afterwards known as "Lawism," were set forth in three forms:—

First: That of issuing paper money on land.

Second: That of issuing paper money on the discount of Mercantile Bills.

Third: That of issuing paper currency upon public securities.

"This last form of 'Lawism,'" says Prof. Macleod, "has been tried in practice and has resulted in a dire catastrophe; it is that of issuing Paper Currency based upon Public Securities. The Bank of England was the first example of this form of 'Lawism.'"

When it (the Bank of England) advanced the whole of its capital—£1,200,000—to the Government and received in exchange for it an annuity of £100,000 a year, it received the full equivalent for its advance. But, in addition to that, it was allowed to create and issue an amount of notes to the full amount of the sum it had advanced to the Government in order to trade with them."

This was an example of Lawism, pure and simple, or what we might call to-day that of "ringing the changes"—i.e., the ability to purchase a commodity and have the price of it as well. The Bank purchased an annuity of £100,000 a year from the Government for a sum of £1,200,000, and then it was allowed to have the price of the annuity as well! Thus, the Bank was permitted to perform an operation which some persons think is impossible; it was able to eat its cake and have it too.

When the Capital of the Bank was increased in 1697, the same operation was repeated. Its capital was increased by £1,000,000, £800,000 of which was paid in Government tallies and £200,000 in its own notes.

THE SOUTH SEA BUBBLE.

The South-Sea Scheme was originated by one named Harley, with the idea of restoring public credit and providing for the extinction of the floating National Debt of England.

The debt was taken up by a number of wealthy Merchants, to whom the Government agreed to guarantee for a certain period the annual payment of £600,000 (being 6% interest)—a sum which was to be obtained by rendering permanent a number of import duties. It was just another case of "passing the buck" on to the people, who were forced, in consequence, to pay higher prices for their requirements.

The Company formed was known as the South Sea Company; its purpose was to make loans to the Government in return for which the monopoly of trading in the South Seas (the Pacific) was conferred upon it. Most extravagant ideas were current respecting the riches of the South American Continent, and the Company played on these rumors.

As the Company had succeeded in getting the British Government into financial chains, it was thus free to set out on its piratical expedition of defrauding both Government and people in a most alarming fashion.

It recognised the prospect of speedily amassing abundant profits, and the Directors threw aside all scruples, and made use of every effective means at their disposal for retaining the fictitious values of the Company's Stock. But eventually the South Sea Bubble burst, ruining thousands of people.

Although the Bank of England promised to help the South Sea Company by issuing credits, a run on the Bank forced them to withdraw from the proposed arrangement before it had actually been put into effect.

It was during this run that the Bank was forced to use its wits. One of the devices adopted was the paying out in sixpences and other small silver coins, for the time consumed in counting out the money greatly slowed down the withdrawals.

Another amusing incident is told by Hedley Robinson, that, "In order to stave off an anxious public who were demanding their deposits, a kind of stage army of customer-friends of the Bank who drew out large sums, was organised."

"The people handed it back to others outside, who promptly came back and paid it in again.

"The money had thus to be counted twice over and the double operation was most useful in keeping at bay those with real demands, the more so as the Banks' 'friends' were always attended to first."

This incident is another case of the Bank trying to put over its "make-believe"—that it had sufficient cash to meet its depositors' demands.

I wonder what the Australian Banks in these times, (1947) would do if there were a run on the Banks—when, out of the 204 Million pounds worth of Government notes the Banks only hold 21 Million; the balance, 183 Million, are mostly being hoarded by the people and many for black market trading? Of course, if there were a run, the Banking Institutions would, as usual, come, cap in hand, to the Government to save them!

The subsequent clearing up of the whole disgraceful business of the South Sea Swindle involved an increase in the Capital of the Bank of England, which, under Government sanction, raised funds to assist the South Sea Company to reconstruct on a moderate scale and to mitigate at least some of the hardships suffered by the Shareholders.

It was either an accident or an astute piece of planning that the headquarters of the South Sea Company was situated in Threadneedle Street in what was known as the "South Sea House." Evidently "The Old Lady" (the Bank of England) found her "old man," (the South Sea Company) a rather trying companion.

It would be difficult to think of them as other than pirates-in-arms, although they were supposed to be divorced!

"Birds of feather generally flock together," we are told, and whenever there is prey in sight, like the two black crows, these agents of usury generally work in unity.

A BANKERS' GOVERNMENT MOSTLY HAS A PRICE.

Whenever the renewal of the Bank of England's Charter came up there was generally discussion as to the expediency of continuing the Bank's monopoly—but strange things happen when Governments are acting under the duress and control of finance.

Governments were generally in difficulties when the periods for renewals of the Bank's Charter came due. To make doubly sure that they, the Bankers, were enabled to increase their hold on the wealth created by the people, it was enacted in 1742, C. 13, s. 5:—"And to prevent any doubts that may arise concerning the privilege or power given by former Acts of Parliament to the said Governor and Company of exclusive BANKING; and also regard to the erecting of any other Bank or Banks by Parliament, or restraining other persons from banking, during the continuance of the said privilege granted to the Governor and Company of the Bank of England, as before recited, it is hereby further enacted and declared by the authority aforesaid, that it is the true intent and meaning of the Act that **no other Bank shall be erected, established or allowed by Parliament,**" and so on.

It was subsequently found that cheques prevailed over notes and when it was afterwards discovered that the flaw in Government Legislation, that banking could be carried on without notes, a break through of the Bank of England's banking monopoly in issuing money and credit was imminent.

JOINT STOCK BANKS

The discovery of that fact led to the formation of other Banks, known as Joint Stock Banks.

The monopoly of 1709 which was confirmed by the Act, 1742, was not handled by the Bank of England with wisdom.

H. D. Macleod says: "I think that the monopoly of the Bank of England was justified as a temporary measure up to 1742 or at latest up to 1762, but after that it has been nothing but an unmitigated evil."

Commercial crises occurred at fairly regular intervals in 1763, 1772, 1783 and 1793, generally due to speculative movements with resultant private Bank failures.

Macleod also states: "The crises of 1847, 1857, 1866 and 1890 did not originate in the excessive issues of notes, but in the excessive speculation of Merchants and Financiers." Speaking of the history of bank crashes and the various economic crises in British history, he says, "all these things show the indispensable necessity of a thorough and scientific reform of the entire banking system of the country."

Of course, the Private Banking System would not endorse such a statement from such a man, just as they resent any disturbance to their methods in our time.

The Act of 1742 was considered to be so effectual a bar against Banking Companies in general, that it escaped public observation that the way of doing business by way of cheques enabled banking Companies to elude the wording of this Act.

In 1823 the Government endeavoured to persuade the Bank of England to give up the privileges of their Charter, so far as to permit Joint Stock Banks to be formed in the country—but the Bank refused point blank.

In 1826, however, an Act was passed permitting the establishment of other Banks outside a radius of 65 miles from London.

So thus begins the association or reconciliation of the Mother Bank—the Bank of England—with her five Trading Bank children.

Very few people were aware of the tremendous power that resided in this combination of the Bank of England and the five big Joint Stock Banks.

One of the most prominent Bankers associated with this combination, the Right Hon. Reginald McKenna, when Chairman of the Midland Bank, said: "They (meaning the Private Banks) who control the credit of the Nation direct the policy of Governments and hold in the hollow of their hands the destiny of the people."

This has proved itself too true right to our present times. It is in grappling successfully with finance that the people will find a better, happier world to live in.

Space will not permit me to go fully into the great financial swindle carried on by the private Banking Institutions in England, particularly (and also in Australia) during First World War.

Speaking of the position in England, A History of Lloyd's, page 401, Aug. 7, 1914, reads:—

"Banks which had been closed (August, 1914) re-opened."

Another interview with Bank Director who was unable to forecast development:

"He said the Banking System of the whole country was insolvent; the Treasury was supporting the Banks, and the whole structure now rested on Government credit." When the bugle called for the start of World War I, the great Private Bank (the Bank of England), the Bankers' Bank, had only 9 millions of gold reserve—to back the Bank's depositors' claims throughout England—and as a panic arose at the beginning of August in this crisis of 1914, Sir Lloyd George, Chancellor to the Exchequer, hurriedly declared a moratorium, i.e., it authorised the Banks not to pay out (which, in any event, the Banks could not do) and it extended the August Bank Holiday for another three days. When the Banks re-opened, the public discovered, instead of getting their money back in gold, they were paid in a new legal tender of Treasury Notes.

Dr. Walter Leaf, late Chairman of the Westminster Bank, said: "The amount and manner of the issue was left to the absolute discretion of the Treasury. This was essentially a War Loan, free of Interest, for an unlimited period, and, as such, was a highly profitable expedient from the point of view of the Government."

No sooner had Mr. Lloyd George got the Banks out of their difficulties in the Autumn of 1914 by the issue of this Government-created money, than they were round again at the Treasury door, explaining forcibly that "the State must on no account issue any more money on this interest-free basis."

"If the War was to be run, it must be run with borrowed money, money upon which interest must be paid, and they (the Bankers) were the gentlemen who would see to financing the war."

The London "Times" History of the War (page 251, Vol. 7) says that "the Joint Stock Banks (saved from ruin a few months before by the paper currency of the Nation) subscribed over £2,000,000,000 to the June War Loan, and upon this currency, issued by the Nation, they drew interest in perpetuity and, as the war went on and the rate of interest rose, so were all the previous loans raised to the higher price as a premium and a bonus to the loan-floating profiteers."

A writer in the London "Nation" said that "for a country that had no hope of redeeming its loans for long years, it was a barefaced confidence trick, and the Government was a fraudulent trustee of the public interests."

It should always be remembered as a fact that when the people subscribe to War Loans or purchase Government Securities, the cheque or cash they pay for same represents money earned by the subscribers for goods created or services rendered by them, but in the case of the Banking Institutions "they manufacture money by the stroke of a pen"—and by their printing press cheque-money purchase War Loans or other Government Securities at practically no cost."

The Investor's Review of 19/9/1920, said: "Credit is being created against non-existing Assets in amounts of unprecedented magnitude at the time when ordinary users for it are unusually restricted. One writer has said that "In all the world there never was such a robbery—the robbery of a nation struggling for its life."

"The Overseas Magazine," February, 1917, described the Bankers' methods of financing the war, as the most wonderful tale of grand larceny in all the world's history."

"The English Review," March, 1917, describes the Chancellor of the Exchequer as a mere puppet in the hands of the banker. He did whatever he was told." (We, in Australia, during World War I, fell for the same money trick, but thanks to the Labour Government during World War II, this policy was discontinued).

The position of England's National Debt reflects the tragic financial position Great Britain is in to-day, compared with 1913, prior to World War I.

	National Debt Outstanding	Interest paid in previous year	Population	Average Debt per head of Population
	£	£		£
31/3/1913	656,470,000	17,221,000	46,026,000	14
31/3/1946	23,636,520,000	474,890,000	49,600,000	482

DEBT.

The League of Nations appointed a special body of experts to make a world review of slavery in all its forms and they stated that "it is possible that there is more human misery as a result of debt slavery than there is anywhere as the result of domestic slavery."

"Aren't we all"—involved in the Bankers' debt-money System with its resultant economic servitude.

Think of the helplessness of most Governments, their fight against the rushing stream of events, their frenzied efforts to meet the rising tide of responsibilities by piling debts upon debts and making the load heavier for industry and people to carry.

Well might we conclude this Section with the statement made by William Jennings Bryan at a New York reception in 1906: "The Money Power preys upon the Nation in times of peace and conspires against it in the hour of its calamity."

"It is more despotic than Monarchy, more insolvent than aristocracy, more selfish than bureaucracy."

"It accumulates by conscious fraud more money than it can use."

"It denounces as public enemies all who question its methods or throw light upon its crimes."

"It can only be overthrown by the awakened conscience of the Nation."

You must agree with me, I feel sure, that this great American Statesman sums up the complete charge against this great enemy of the people.

CHAPTER IX.**A Short Story of the Private Banking System in America**

It is strange that the heart of the Banking and Financial world has shifted from Threadneedle Street to Wall Street. As the Money Power of London at one time dominated the world, now America is the centre of Financial Dictatorship.

The history of Banking and Currency is stirring and exciting, yet there lies behind it the story of a great conspiracy.

America boasts of her free democracy and her liberty as symbolised in the great Statue of Liberty.

However, "No nation can be really free when a financial oligarchy is permitted to hold domination, and no democracy can be aught but a name that does not shake it from its throne."

While small businesses may be allowed to exist for a time they eventually find themselves swallowed up by the big combines and trusts and then later these combines become dominated and controlled by the money monopoly.

This is the position of America to-day—she is dominated by mammon—Financial Power—and she seeks to extend that power throughout the world almost at all costs even to engaging the world in another war.

THE GREAT CONSPIRACY.

The story of the great conspiracy is not only peculiar to America, but the facts revealed from that country's history, show over a century of alternate periods of planned inflation and deflation—the former making booms and the other Depressions, and both being instruments of the Money Manipulator.

These periods have brought vast fortunes and economic power to a few, and to the many an inevitable toll of evils, unemployment, bankruptcies, hunger, suicides and even war itself.

International Financiers have never wished any country to be free to have a sound, monetary basis. Their policy has always been to keep the people in turmoil—upset and confused, going from booms to depressions.

Horace Greely (America) says: "We boast of having liberated 4,000,000 slaves, but we are careful to conceal the ugly fact that by our iniquitous monetary system we have nationalised a system of oppression more refined, but none the less cruel, than the old system of chattel slavery."

THE GREAT PARADOX: POVERTY AMIDST PLENTY.

America had, during the depression, over 4,000,000 unemployed youths and over 20,000,000 of her people recipients of relief, notwithstanding the fact that she possessed more than 60 per cent. of the world's gold, guarded in specially-erected vaults, or 22 thousand million dollars, and she also possesses the machine power capacity of supplying the needs of five times the population of the earth.

IT'S A TRAGIC YET FASCINATING STORY.

Between the years 1600 and 1765, over three million brave souls sought out a new world in America, away from the financial entanglements of the old world. How we debt-ridden countries to-day envy their great venture into that new world free from the money changers.

Like, for all pioneers, it was a road associated with physical hardships, but it produced a great people and established a great principle.

The English Crown granted the Colonists of Virginia their first Charter.

The most important concession contained in Section 10 was that giving them power and authority "to make and control a coin to pass current there between the people, and these several colonies for the more ease of traffic and bargaining among them and the natives."

Prosperity, we are told, reigned there for 150 years because of the free exercise of this power to issue and control their own colonial money.

The two main reasons for this prosperity were:—

- 1.—Because the money was controlled by the Colonial Government for and on behalf of the people and was practically free from fluctuations in regard to purchasing power and value.
- 2.—Because the money was legal tender and not based on interest bearing bonds—the Government had no interest charges and were relieved of having to levy taxes on the people to that extent.

FROM THIS POINT THE CONSPIRACY BEGINS.

This prosperity of the Colonists was too tempting for the financiers of England, who were afraid the Colonists might become too independent, therefore plans were laid to wreck the good work accomplished and it is from here we trace the beginning of the planned panics and depressions of the years that follow.

Parliament was used to force measures through to assist the money conspirators and about 1750 the first move was made to violate the Charter earlier granted so liberally to the Colonists by England. The British Parliament passed a ban forbidding the Colonists from trading with other countries, but the main purpose was to compel them to borrow from the money power in England in order to pay for their purchases.

From then on, the debt-money system took hold, and also the great struggle for American Independence, until the declaration of such was established on 4th July, 1776.

THE BRITISH FINANCIERS' PART IN THE PLOT.

There is much truth in the reported publication in the London Times that—"If that mischievous financial policy which had its origin in the North American Republic during the late war in that country should become indurated down to a fixture, then that Government will furnish its own money without cost."

"It will pay off its debt and be without debt." "It will have all the money necessary to carry on its commerce; "It will become prosperous beyond precedent in the history of the civilised government of the world." "That Government must be destroyed or it will destroy every monarchy on the Globe."

What happened at the time bears out the spirit of this remarkable statement.

Emil Ludwig, in his "Life of Lincoln," wrote: "Two years before his death, a secret Society for the assassination of Lincoln had been financed in Richmond by wealthy persons."

COUNTERFEITING.

Efforts were employed by England to discredit the Continental Currency through counterfeiting, and the difficulty which she had in making those efforts become successful have been set forth in Bolles' Financial History of the United States, 1774 to 1789 (pages 151 to 153).

Counterfeiting, however, was not confined solely to individuals; "The British Government also embarked in the business."

"General Howe abetted and patronised those who were engaged in making and pushing these spurious issues into circulation."

"In the same papers which published British Official documents and proclamations might be found advertisements like the following: 'Persons going into the other Colonies may be supplied with any number of counterfeited Congress Notes for the price of the paper per ream.' 'They are so neatly and exactly executed that there is no risk in getting them off, it being almost impossible to discover that they are not genuine.' 'This has been proved by bills of a very large amount which have been successfully circulated'."

"The resulting worthlessness of the continentals gave rise to the terms 'Not worth a continental,' and to the disparaging use of the term 'printing press money.' "The continentals were simon pure printing press money because of the fact that there was very little authority to back them up besides the printing presses that printed them."

The banking and financial interests were naturally opposed to the issuance of truly National (People's) money and their reasons for opposing it were quite succinctly stated a number of years later (1872) in a circular sent out by Wall Street Bankers to all the Banks throughout the country, which read as follows:—

"It is advisable to do all in your power to sustain such prominent daily and weekly newspapers, especially the agricultural and religious press, as will oppose the issuance of greenback paper currency money, and that you also withhold patronage or favours from all applicants who are not willing to oppose the Government issue of money." "To repeal the law creating National Bank Notes, or to restore to circulation the Government issue of money will provide the people with money, and will therefore seriously affect your individual profits as bankers and lenders."

"When the Bankers learned, in 1862, that efforts were being made to have a Bill enacted for the issuance of the United States Notes, they conspired in an effort to find some means of discrediting this type of currency."

THE CONSPIRATORS GET TO WORK.

The conspirators were successful in getting through a trick clause—which reads as follows:—

“This note is a legal tender at its face value for all debts, public and private, **except duties on imports and interest on public debt.**”

These last nine words contained the sting of death whereby the Bankers were enabled to discredit the greenbacks, and to make a handsome profit on gold. Prior to passing on to a consideration of other matters involved in our monetary history, one more thing should be noted:

The history of the greenbacks would not be complete without considering the following statement contained in a letter written to one Edmund Taylor during this period.

“Chase thought it a hazardous thing, but we finally accomplished it and gave to the people of this Republic—the greatest blessing they ever had—their own paper to pay their own debts.”

That statement could have written by only one man. The man who penned it could only have been occupying one position when it was written.” “It was, in fact, written by none other than Abraham Lincoln, President of the United States.”

1863.

In 1863, disregarding Jefferson's warnings and Lincoln's advice, the American Congress was won over to “the financial manipulators, and thereby threw to the winds the Nation's constitutional power and duty ‘to coin and regulate moneys’ and Congress illegally delegated that power to private interests.

Other outstanding monetary events of the civil war period was the enactment of what was known as “the National Banking Act.” It should have been rightly called the Money Monopolists' Banking Plot. National was a misleading title for a purpose.

This Act provided for the chartering of privately owned National Banks (so called).

Extract from a letter written by the Rothschild Bros., of London, to a New York firm of Bankers, June 25, 1863:

“The few who can understand the System (Cheque Money and Credits) will either be so interested in its profits, or so dependent on its favours, that there will be no opposition from that class, while on the other hand, the great body of the people mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burdens without complaint and perhaps without even suspecting that the system is inimical to their interests.”

THE HAZARD CIRCULAR.

The International Bankers, in their efforts to bring about the enactment of the National Banking Act, distributed among the other Banks of the country, in the year 1862, the circular known as the Hazard Circular, which contained the following:—

“Slavery is likely to be abolished by the war power and chattel slavery abolished. This, I and my European friends are in favour of, for slavery is but the owning of labour and carries with it the care of the labourers, while the European plan, led on by England, is that capital shall control labour by controlling wages.”

“The great debt that capitalists will see to it is made out of the war, must be used to control the volume of money. To accomplish this the bonds must be used as a banking basis.”

"We are now waiting for the Secretary of the Treasury to make this recommendation to Congress. It will not do to allow the greenbacks, as it is called them, to circulate as money for any length of time, as we cannot control that."

"But we can control the bonds and through them the bank issues."

Ikleheimer, Morton and Vandergould replied by a letter dated July 5th, 1863—in referring to the advantages and profits of an American investment, under the provisions of our National Banking Act, enclosing a printed circular which, in Clause 15, states:

"National banks (private Institutions) are privileged to either increase or contract their circulations at will and, of course, can grant or withhold loans as they may see fit."

"As the banks have a national organisation, and can easily act together in withholding loans or extending them, it follows that this can, by united action, in refusing to make loans, cause a stringency in the money market and in a single week or even in a single day cause a decline in all the products of the country."

"The tremendous possibilities of speculation involved in this control of the money of a country like the United States will be at once understood by all bankers."

It was suggested in the letter "that you regard this circular as strictly confidential and, soliciting any favours in our line that you may have to extend, we are, etc., Yours—"

The above statements were printed in "The History of Money in the United States," by Willis A. Overholser, L.L.B., and published in Illinois.

This has been the policy of the Private Banking System throughout all such periods of crises.

Treasury Salmon P. Chase had urged upon President Lincoln and Congress the passage of the National Banking Act and was thereby quite instrumental in bringing about its enactment. Mr. Chase is alleged to have made the following statement:

"My agency in procuring the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly that affects every interest in the country."

"It should be repealed, but before this can be accomplished the people will be arrayed on one side and the banks on the other in a contest such as we have never seen before in this country."

LINCOLN SEES DANGER IN PRIVATE BANKING INSTITUTIONS.

Abraham Lincoln realised shortly before his death the evil effects which were to flow from the creation of the National Banking System as revealed by a letter which he wrote on November 21, 1864, to William P. Elkin, wherein he stated:

"We may congratulate ourselves that this cruel war is nearing its close. It has cost a vast amount of treasure and blood." The best blood of the flower of American youth has been freely offered upon our country's altar that the Nation might live."

"It has been indeed a trying hour for the Republic; but I see in the near future, a crisis approaching that unnerves me and causes me to tremble for the safety of my country."

"As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavour to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands, and the Republic

is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless."

Jefferson and Franklin strove hard to free America from domination of the financial vultures and these two great men planned that the constitution provide for interest-free money at the point of origin, hence the very first article on the Federal Constitution—Article I, Section 8, Part 5, provides that:—

"Congress shall have power to coin money and regulate the value thereof."

Our Australian Commonwealth Constitution, Section 51, provides for the Government's "authority over banking and currency"—but unfortunately for the people, too little power is exercised over these two important matters.

"Democracy has no more persistent or insidious foe than the money power to which it may say, as Dante said when he reached his journey through Hell, the dwelling of the God of Riches, "Here we found wealth, the great enemy."

"That enemy is formidable, because he works secretly by persuasion, or deceit, rather than by force, and he takes men unawares."

"He is a danger to good government everywhere."

(From Lord Bryce's book, "Modern Democracies").

The money conspirators quickly set to work to nullify one of the most important provisions in the American Constitution—that of giving the Nation its rightful authority over money.

While Jefferson, as President, sought to create under the new Government, a money structure "of and by the people," Alexander Hamilton led the conspiracy and planned to create a money system "of and for the International Financiers."

THE BANK OF THE UNITED STATES—SO-CALLED.

In 1791 Hamilton got the American Congress to grant a Charter for a privately owned bank of issue, named "The Bank of the United States," copying the idea from the private Bank of England.

It was Thomas Jefferson, President of the United States in the generation before Lincoln, who said:

"If the American people ever allow private banks to control the issuance of their currencies, first by inflation and then by deflation, the corporation that will grow up around them will deprive the people of all their property until their children will wake up homeless on the Continent their fathers conquered."

From "National Economy and the Banking System" of the United States, by Robert Owen.

In the face of this warning America quickly drifted into the hands of a financial dictatorship, and the conditions existing to-day among the vast majority of the people, bear out Jefferson's prophecy.

THE DISASTROUS 90's.

From a booklet widely circulated in N.S.W. in 1947 by the Vacuum Oil Coy., titled: "The Pocket History of the United States," by Allan Nevins and Henry Steele Commager, we have some very disturbing facts—which do not speak well for the private Banking System—and which substantiate the deep laid plans of the Money Power. It says—

HARD TIMES ON THE FARM—1890.

"Perhaps the most serious of all the economic handicaps under which the farmer laboured was the rising cost of money."

"When he went to the local banker or mortgage agent to borrow money, he found that he was expected to pay from eight to twenty per cent. on his loan. The situation came home to him in an even more injurious fashion in declining prices."

"In the face of these adverse conditions it is not surprising that the mortgage indebtedness of the American farmer increased by leaps and bounds."

"By 1890 over ninety thousand farms in Illinois were mortgaged, one hundred thousand in Nebraska, and still more in Kansas."

"Tenancy, too, was on the up-grade. The banking and currency legislation written into the Statute books was a boon to bankers and investors, but a **terrible burden to farmers.**"

THE 1891-1894 DEPRESSION AND HOW IT WAS PLANNED.

In 1891, Benjamin Harrison, then being President, it is reported that those who so cunningly gained control of the power to create money prepared and circulated among bankers and other agents, the following confidential circular:—

"We authorise our loan agents in the Western States to loan our funds on real estate, to fall due on September 1st, 1894, and at no time thereafter."

"On September 1, 1894, we will not renew our loans under any consideration."

"On September 1st we will demand our money—we will foreclose and become mortgagees in possession."

"We can take two-thirds of the farms west of the Mississippi and thousands of them east of the great Mississippi as well, at our own price."

"We may as well own three-fourths of the farms of the west and the money of the country."

"Then the farmers will become tenants, as in England."

"After September 1st, the interest we receive on coupons will be accumulated—we will not lend any of our funds after that date, as we can make more money by withholding our interest income."

Could anyone conceive of such a diabolical conspiracy against those who create the real wealth of a country (goods and services).

THE BANKERS' ASSOCIATION.

To carry into effect the instructions of 1891, a second circular was sent out bearing the date of March 11, 1893, and under the signature of the American Bankers' Association. The letter read as follows:—

Dear Sir,—The interests of national (private) banks require immediate financial legislation by Congress. Silver, silver certificates and Treasury Notes must be retired, and National Bank Notes upon a gold basis made the only money."

"This will require the authorisation of 500,000,000 dollars to 1,000,000,000 dollars of new bonds as a basis of circulation."

"You will at once retire one-third of your circulation (your paper money) and call in one-half of your loans."

"Be careful to make a monetary stringency among your patrons, especially among influential business men."

"The future life of national banks, as fixed and safe investments depends upon immediate action, as there is an increasing sentiment in favour of government legal-tender notes and silver coinage."

(Both these letters were reported in "Truth About Money," and other American records).

The deliberately planned money scarcity, by the calling in of loans, meant that millions of honest, hard-working people lost their entire properties.

The conspirators falsely blamed the Sherman law, which law permitted the use of constitutional silver money and silver certificates, and the people blindly urged congress to repeal this law.

THE PANIC OF 1921.

Prior to the World War it was England that possessed most of the controllers and manipulators of international finance, but during the war England lost her world control of gold, that control temporarily passing to America, who had financed the war with money, credit and materials of war.

A secret Conference of Bankers was held in Washington D.C. on May 18, 1920. This Conference was known as the orderly deflation committee of the American Bankers' Association, and their policy was, as before, to create an artificial money scarcity.

There is an interesting disclosure made in the Congressional Record, May 2, 1933, where Mr. John Skelton Williams, who was Comptroller of the Currency (one of the most important offices in the Federal Government) heard that a certain resolution was being considered by this Deflation Committee of the American Bankers' Association, and he did everything possible to prevent its passage.

He said: "I told the other members of the Board, 'Do you know that this will break lots of little country banks' They cold-bloodedly answered me: 'They ought to break, there are too many of them.' I told them, 'Don't you know it is going to ruin lots of farmers,' and they cold bloodedly replied to me, 'They ought to be ruined, they are getting so prosperous they won't work.'"

THE DEPRESSION OF 1929-31.

The United States Bankers' Association Magazine, August 26, 1924, plans for another conspiracy, and states:

"Capital must protect itself in every possible way, both by combination and legislation. Debts must be collected, mortgages foreclosed as rapidly as possible. When, through process of law the common people lose their homes, they will become more docile and more easily governed through the strong arm of Government applied by a central power of wealth under leading financiers. These truths are well known among our principal men now engaged in forming an imperialism to govern the world. By dividing the voter through the political party system we can get them to expend their energies in fighting for questions of no importance. It is thus by discreet action we can secure, for ourselves that which has been so well planned and so successfully accomplished."

"This statement in itself is surely enough to condemn the present debt-money system.

The 1929-31 crisis is still too well-known not only to Americans but also to Australians, to require any detailed reference, as the evil effects of the famous Premiers' plan, dictated from overseas, is fresh in our memory.

"Wise men," who were in the know, we are told, began secretly selling their stocks and bonds, while land and other asset values, price levels, business generally, and the standard of living all fell at an alarming rate.

It was in 1931 that the American Bankers' Association held their annual convention in Baltimore, Maryland.

The principal speaker is reported to have said:—

"We, the men in this room, the men who control the financial destiny of the nation, we knew in 1927 that the terrible depression was coming and we did nothing to prevent it."

There have, in some quarters, been doubts raised as to the genuineness of the Bankers' Magazine statement 1924. However, a subscriber to a Edmonton (Canada) paper, May 22, 1943, says: "I first saw the quotation in the book written about 1925 by the late A. E. Partridge, who was one of the founders of the old Territorial Grain Growers' Association—The name of the book is 'War or Poverty,' and it is to be found in our Wheat Pool Library at Regina."

"The quotation in question, is from the Bankers' Magazine, and reprinted in the Idaho Leader, U.S.A., of August 26, 1924. To my knowledge it has been read into Hansard twice. Once by John Evans, M.P., in 1926, and once by M. D. Cowan, M.P., in the Session of 1930-1931. I believe the quotation to be authentic and it was first reproduced in the Idaho Leader, of August 24, 1924."

In any case—the happenings in the years that followed give evidence that the Bankers and Financiers had a great deal to answer for in the depression that followed.

Quoting again from the Pocket History of the United States, by Nevins and Commager:

"In the case of the 1929 panic there were certain factors that led clearly enough to the collapse. In the first place, the production capacity of the nation was greater than the capacity to consume. This was largely because too large a part of national income was going to a small percentage of the population, who promptly turned it back into savings or investments, and not enough of the income of the labour farmer, and white-collar classes upon whose continued ability to buy the whole business system rested."

"Whatever the explanation, it was soon clear that the nation was in the grip of the most ruinous depression in its history."

"The panic of 1837 had lasted three or four years; that of 1873 had dragged on for five years, the dreadful depression of 1893 came to an end in the Spring of 1897; while the panics of 1904, 1907, and 1921 were short-lived affairs. But the great depression of 1929 lasted almost a full decade. It was unprecedented in length and in the wholesale poverty and tragedy which it inflicted upon Society."

"And in another respect too, it differed from earlier depressions—it was clearly the product of abundance, not of want. More completely than any other depression, it was a monument to the breakdown of the system of distribution of wealth."

The 1929-31 crisis must still remain in the minds of most people who lived through those years, as a tragic memory—it will be hard for those who were young at the time to fully believe that such conditions could exist in this age of plenty.

Needless to say, no one wishes to carry the responsibility for the cause of the economic crisis, but there is no evading the fact that it was a man-made economic depression to suit the Financial Interests.

MONETARY COST.

From New Zealand Herald, February 11, 1937:

DEPRESSION LOSSES—WORLD ECONOMIC SYSTEM—EQUAL COST OF GREAT WAR.

"Geneva, February 9. The total losses to the world economic system from the depression of 1930-34 were between 100,000,000,000 and 120,000,000,000 gold dollars, equivalent to the total cost of the Great War, according to a report by the International Labour Office.

Industrial countries were not hit so badly as agricultural countries, and the former were able to preserve a relatively high standard of living. The middle classes were among the heaviest sufferers, but the cost of human misery cannot always be measured in cold figures.

There is a photograph in a Los Angeles, California, paper dated August 24, 1931, which shows a crowd composed of depositors who could not get into one Bank—the privately-owned United States National Bank—the day after it was closed.

"In 1931, the year this photograph was taken, 2,294 banks all over the nation were closed down in a similar manner.

"Thousands of banks were closed down year after year.

"The high point came in 1933—the year Franklin D. Roosevelt became President, when 4,004 banks suspended payment with 3,598,970,000 dollars—of their depositors' money."

CONSPIRACY OF 1940.

An American writes in this year, 1940, to say: "We are witnessing one of the great Epochal Tragedies of American history.

"Instead of driving the money-changers out of the temple—we are being asked to vacate and to give them the keys.

"On March the 14th, 1940, Mr. Cordell Hull, said that on April 14, the United States will sign the proposed convention for the establishment of an Inter-American Bank."

"The word convention is used, instead of 'treaty' so that it may become operative without being submitted to the Senate.

"This convention-treaty to be signed grants the rights, privileges, immunities and exemptions enumerated, and agrees, also, to enact any legislation to effectuate the same.

"The United States agrees not to repeal or amend this Charter except upon the request of the bank, pursuant to a four-fifths vote of the Board of Directors of the Bank.

"The Government is to promise that precious metals will be so made available to the bank on a basis—no less favoured than the most favoured treatment extended under any circumstances—to any Government, including its own, or to any political subdivision, corporation, or other organisation or entity of whatsoever nature. (If we own the gold, the new bank will own it; we took it by law and this law will give it to the bank on like terms—free).

"Words fail to convey the diabolical cunning of this preposterous plan. Its full text is printed in the Congressional Record of February 27, 1940.

"Someone has said that 'Gold is the means by which the few have enslaved the many for centuries—that is why we should bury the gold and keep it buried—because then we can control it.

"If these money manipulators finally succeed in the present plan," write our American Monetary Reformers, "then humanity will weep for a thousand years over the crucifixion of America."

Headquarters of International Financier speaks: 1940

"If the war goes on for long we shall have all the money in the world."

These facts are so startling and, this great enemy of the people (the false money system) is so powerful, that one would almost despair of ever seeing it dethroned except for the fact that it is destroying itself because its very falsity is its destroyer.

**UP-TO-DATE NEWS. MELBOURNE GUARDIAN, 26 SEPTEMBER, 1947.
HOW U.S. BANKS STOOD OVER ROOSEVELT.**

"The New York daily newspaper, The Banker, has wished Australian private banks success in their fight against the Government.

"They are fighting a battle which American Bankers . . . will want to see them win," the journal says.

"Australian bankers must now attempt to persuade the people that it is their freedom and their deposits which are at stake, and not merely the alleged power of some distant absentee bank management," the article says.

The Banker knows well how "free" and powerful American banking "enterprise" is.

It cannot have forgotten how, in 1907, the American banking ring held President Theodore Roosevelt and the entire American people to ransom.

The objective of the U.S. private banks was the repeal of anti-Trust laws. President Theodore Roosevelt had prosecuted the Standard Oil Company for breach of the laws and the Company was fined 29 million dollars.

At once the Standard Oil banks (under Rockefeller), the Steel Trust banks (under Morgan), and the Beef Trust banks (under Armour), swung into action.

At their command, on October 24, 1907, every American Bank refused to pay out gold. All it would supply was a paper currency of its own. At the same time the banks enforced payment in gold by producers and merchants.

Merchants and producers could not meet their obligations. More and more mines and factories fell into the hands of the bankers at depreciated values.

Finally the President sent for Morgan. He had first to send an apology to induce him to come to the White House.

He agreed to drop the anti-Trust campaign, suspend part of the anti-Trust laws, and not collect the fines from the Standard Oil Company.

WHO MAKES THE DEPRESSIONS? WHO PAYS FOR THEM?

In its Journal, March, 1934, in an article "Produce to Consume," it makes a forceful attack on our present Monetary System and its policy. It says:

"Whenever the banks were called upon to fulfil their contracts, the nation was obliged to come to their rescue and moratoria were declared in 1847, 1857, 1866, 1914, and 1931."

This completes what might be looked upon as an unfinished Story of the Banking and Monetary System in Great Britain and America.

The world's people are watching the U.S.A. and its Dollar Imperialism, and wondering whether America is not rapidly heading for an even more serious depression than she has ever experienced before.

What will it profit America if she gains the whole world financially, by getting other countries into her unpayable debt.

We will now give a short outline of the Pirates of Finance in Australia.

CHAPTER X.

Financial Piracy in Australia

This young country has its own story to tell regarding the Pirates of Finance.

Possibly if the Bank of England had held its power of dominance many years longer, before it was Nationalised by the British Labour Government—the Commonwealth of Australia, along with New Zealand, might have been further held in its clutches.

One of England's oldest Dominions—Newfoundland—was rendered bankrupt through the actions of the Bank of England.

It will be remembered when a Labour Government was first elected to New Zealand how the Bank of England, with Montague Norman as its Governor, set out to bring pressure to bear against this Government and its proposed Social Legislation.

We have seen recently (1947) how the Financial Pirates of America are trying to dictate to Great Britain what kind of legislation she is to pass and not to pass.

The late Mr. Savage (Prime Minister of New Zealand) when in London in 1937, said: "We plan to benefit the people and raise the status of the workers."

"We aim to have our own money system, based on our own production. The story that the Government's socialistic policy is driving money from the country is getting a bit worn."

He said: "I can't understand the attacks on me in the English newspapers."

When any Statesman is bold enough to disturb the Financial Pirates in their practices, he is generally hounded down as a dangerous man—we have only to look back in history to prove this fact—Lincoln and Jefferson and the like suffered abuse in their time although readily eulogised in our time.

The worst that we can say of our opponent to-day is that he is a "communist" or a "fascist"—reason seems to go out of the argument when our only case is abuse. All down the ages it has generally been those opposed to change that raise up a bogey to scare the people.

One of the greatest enemies to progress and to the people's welfare has been the Money Power with its vested Interests—past panics and depressions clearly demonstrate this fact.

THE 1893 CRISIS.

There are not so many who to-day can remember the Bank Smash of 1893, in Australia—we possibly can call to mind our parents talking about the events of the tragic banking collapse in 1893.

A time when the Trading Banks left the depositors high and dry failing to pay them the money they had deposited to their credit with the Banks. When a Bank crashes and is unable to withstand the sudden demand of its depositors it is generally proof that it has failed to gauge the economic and financial needs of the community.

The Bank creation and loaning of costless-to-create debt-money is likened unto a man who lends you an umbrella when it is fine and quickly demands it back as soon as it rains.

There appeared in "The New Age" (English Journal) dated January 20, 1934, the following: "Bankers' Weather Forecast.—A severe anti-cyclone is

approaching rapidly from the north-west. All umbrellas out on loan should be recalled immediately."

After the crisis in Australia in 1893, the Bank of New South Wales alone is said to have become possessed of 40 Station properties, as the result of reconstructions following the Bank crises.

In a bank crash, who comes out winners?

The Bankers, who should serve the community, or the people who have toiled for years improving our lands and thereby increasing the wealth of Australia"? (From *Banking Buccaneering*, by G. C. Barnard).

In the year 1893 a non-Labor Government in Australia quickly took measures to assist the Trading Banks, as is customary in such crises.

"The Queensland Government, of which a majority were Bank Directors, substituted a State-guaranteed note issue for the discredited notes of the private banks.

"The new issue threw the responsibility of redemption upon the Government and relieved the banks of any liability to meet the notes in gold.

"In Victoria the Government took upon itself to guarantee the ultimate redemption of the private note issues and relieved the banks of their responsibility."

The Banks gave the customers receipts for deposits they could not get.

"On May 16, 1893, the Melbourne "Argus" urged the Government to issue notes upon the security of their depreciated receipts, and in its issue of June 9th it urged that the Banks should be provided with Government notes to enable them to meet their liabilities."

"Government notes for private banks were regarded by the Argus as good currency and it buttressed its argument with the statement that "the Banks of England issued £16,000,000 in notes outside any gold basis."

It would seem that Bank dominated Governments can be found to create money to save the banks in a crisis but not so to save the people from economic insecurity.

In fact, money was found in millions of dollars in U.S.A. during the Depression to restrict and destroy wanted goods.

It was stated in June, 1935, that the United States Government, under the restriction scheme, paid, to the end of January, more than 182,000,000 dollars to 1,531,943 farmers for not producing corn or hogs—it is hard to believe that the people tolerated such financial insanity.

Of course our Bank-paid Economists would consider it fallacious and an uneconomic policy to have distributed such dollars to the poverty stricken people to enable them to purchase the badly needed products proposed to be destroyed.

In April, 1905, Russell French, of the Bank of New South Wales, in the "Insurance and Banking Record" put forward proposals for a Federal Bank of Issue (Note Issue). This "Central Bank" was to issue Government guaranteed notes to private banks.

"Those banks were to get a supply of Government notes up to 40 per cent. of their Capital—there was to be no deposited security."

The old idea that gold must support our money is now largely an exploded myth.

On February 28, 1917, Mr. Butchart, of the London Bank, made this admission: "Soon after the outbreak of war, the Chief Bankers of Australia agreed among themselves to abandon the principle of convertibility of credit instruments into gold, and to effect settlement in paper money."

(Most of the quotations given above are from the late Frank Anstey's (M.H.R.) book, "Money Power.")

Another great admission was made later when the Bankers warned the Bankers not to argue.

The Editor of the British Bank Official Journal, Branch Banking, July 1938, states:

"There is no more unprofitable subject under the sun than to argue any banking or credit points, because there are enough substantial quotations in existence to prove to the uninitiated that Banks do create credit without restraint, and that they do create the means of repayment within themselves.

One wonders how long it will be before the Bankers' myths of these times (1947) will be exploded.

The idea that the complete nationalisation of the Banks "will create a great monopoly," . . . "will endanger the freedom and liberty of the people," and so forth.

The people cannot be fooled all the time if they have been fooled so long by the Private Banking System.

By the establishment of the peoples' Commonwealth Bank by a Labour Government in 1912, the Private Banking Monopoly saw a bulwark against a run on their Banks, as they knew that in the last resort they could always fall back on the Peoples' Bank even though it was ridiculed when first proposed.

In a booklet titled "Banking in Australia," in which was published (prior to 1933) articles from "The Australian Banker"—the official organ of the United Bank Officers' Association—the following admissions were made:

"The Central Bank is the Bankers' Bank, and the Commonwealth Bank as the Trading Banks' Bank in Australia is gradually fulfilling this function."

Yes, it was certainly converted into a Bankers' Bank and every move made was to defeat it becoming a peoples' bank.

In spite of all this, however, the people still own the Commonwealth Bank, and at any time a Government, with the real interests of the people at heart, and possessing the will to act, can, by removing the restrictions by which it is shackled, enable it to function to its full capacity and thus assure the Australian people a higher standard of living than they have ever known.

The Australian Constitution, Clause 51, gives the Federal Government, among other things, power in respect to currency and banking. Acting on this power, and with no subscribed capital, but starting with a loan of £10,000 from the Federal Government, the bank opened its doors for business on July 15, 1912.

Its achievements since have been phenomenal, considering all the obstacles placed in its path and the strain and stress of two world wars and a depression.

What a wail and cry went up against this great Peoples' Bank—what press propaganda and abuse—what secret political moves were made to defeat it.

The S.M. Herald's caption was:—

"A COMMONWEALTH BANK."

"PUPPET GOVERNOR."

"TIED TO CAUCUS."

"CHEAP MONEY FOR SPECULATORS."

Yet to-day, where is there a Political Party which would dare to sell it out—imagine a proposal for the Trading Banks to take over the Commonwealth Bank.

There would then be some cause for public agitation—for on the one side we have the age-long records of the financial piracy of the Private

Institutions, and yet not one action against the Peoples' Commonwealth Bank, other than the fact that it has been deliberately thwarted in its operations.

CHORUS OF CRITICS.

While many banks throughout the world were crashing, and even the banks throughout England were forced to close their doors for four days at the outbreak of war in 1914, the Commonwealth Bank continued a financial success.

The founders of the bank had to face abuse and ridicule from the "sound financiers" (so-called) and others, who were out to sprag the establishment of this great institution.

Mr. King O'Malley, M.H.R., its original sponsor, who spared no pains to make the bank a reality, naturally met the brunt of these attacks.

On November 24, 1911, the "Sydney Morning Herald" quoted Sir John Quick, M.H.R., as saying: "He could not see that there was any need for the bank. It would be without precedent in so much that it started with a debt of a million. American experience warranted his forecasting disaster to the Commonwealth Bank."

However, Sir Denison Miller, first Governor of the bank, resolved to do without the proposed million pounds and set his mind against issuing debentures to outsiders.

HIGH FINANCE PLANS IN SECRET.

Soon after World War No. I a group of politicians and representatives of finance got together to formulate plans for a Central Bank policy, in order that the peoples' bank might eventually be converted into a bankers' bank.

The first move was made in 1920, when "The Commonwealth Bank Act" repealed the Australian Note Act and took the control of the bank out of the hands of its Governor, who was proving himself a true servant of the people, much to the financiers' disapproval.

AT THEIR BIDDING, THE BANK WAS PLACED IN THE HANDS OF A DIRECTORATE.

The effect of this was to place the bank under the control of a body of men who might bitterly be opposed to the bank's competition with the private banks. This was an important step towards the strangling of the peoples' bank as such.

On October 10, 1924, the Commonwealth Bank Amendment Act was proclaimed, and a secret session was held between the Bruce-Page Government, the associated banks and the Commonwealth Bank Board.

From then on, the associated banks obtained "the right to draw" Commonwealth notes without any gold payment or any deposited security.

But the banks did not draw notes—they traded on their "Right to Draw" as if the notes were actually in their own vaults. "Thereby they avoided interest payments to the Government," but upon these "Rights" they issued credits, and drew interest from the Government and general public.

"In 1920, the note issue passed from the Treasury to the "Note Issue Board"—The Banks continued in exercise of their "Rights," and, on the basis of these "Rights," increased their "Bank-manufactured cheque currency."

"On June 23, 1923, these "Rights to Draw" totalled £8,000,000. The Board made a demand that the Banks should exercise their "Rights," draw the notes, and pay interest thereon—the Banks refused."

"Early in 1924 the Banks made a demand that these "Rights" should be extended by another £3,000,000."

"The Chairman of the Board, Mr. John Garvan, stated that these "Rights" were equivalent to an issue of notes to the banks without interest."

"He described the proposition as madness. The Treasurer, Mr. Earle Page, upheld the view, but the Bank demand was conceded."

"Later in the year the banks made a demand for another £5,000,000."

"It was refused. Thereupon the banks pulled in overdrafts, restricted credits, imposed increased charges on exports, placed a banking boycott on industrial and commercial expansion, and caused a general economic slow-down; unemployment doubled.

"In August, 1924, the Associated Banks notified the Wool Councils that sales would not be financed without additional notes or "Rights" to same."

"They promised released credits and reduced rates. The Note Issue Board capitulated. In September, the "Right to Draw" another £5,000,000 was conceded."

"Credits were not released—they were tightened. Rates were not lowered—they were raised."

"The newspapers announced that, at the Adelaide Sales, "the price of wool dropped, because buyers could not obtain Bank credits, no matter on what security."

"The Sydney 'Telegraph' described the situation as 'A Financial Hold-up.' An Act of Piracy. I should say.

"The Banks responded to the outcries by a demand for an additional £10,000,000 promising abundant credits and lower rates if conceded."

"On October 10, 1924, the Bruce-Page Government proclaimed "The Commonwealth Bank Act." "Under this the Bank and the Note Issue were combined, under the Chairmanship of John Garvan."

"Next day the Bank Board, the Bruce-Page Government, and the Associated Banks, went into Secret Session."

"On October 14, the newspapers announced that "the Associated Banks had delivered their ultimatum" and "won on every point." They announced the terms imposed by the Banks:

First: Associated Banks to have the "Right to Draw" another £10,000,000.

Second: No interest to be paid for the "Right to Draw." Four per cent. to be paid on notes actually drawn.

"On this date (October 14, 1924) the Melbourne "Herald" stated that traders and others were "unable to obtain credit, on the most adequate security at any rate of interest."

"The apologists for the Associated Banks announced that "the Associated Banks will now release credit to the public at reduced rates."

"The day after securing the £10,000,000 concession, the Banks increased their rates by another 10/- per cent."

"This meant an additional levy upon Australian Exports of £750,000 per year.

The "Industrial Australian" of November 20, 1924, said "the primary producers for a long time past have been, and still are being mercilessly exploited—and victimised of millions Sterling."

The late Mr. Pratten, Minister for Customs (at the time) in the Bruce-Page Government, told the Sydney Manufacturers (October 27, 1924) that "the banks would not part with overseas money arising from exports."

"Therefore Australia's overseas interest bill could only be paid from fresh oversea loans. This left the banks with their oversea money to finance the flood of imports."

The accusation of Mr. Pratten's amounted to an indictment of the Associated Banks, as conspirators against the public interest."

"When the question was put to Mr. Bruce at Lithgow (November 14, 1924), he replied: "I have yet to hear a satisfactory answer." It has never been answered.

"In 1924 the Banks restricted credit on the allegation that they had too much money overseas.

Dr. Earle Page was right when, in a moment of unguarded candour, he said: "The Banks, mindful of their own interests, have no such regard for the public welfare as is undoubtedly required."

"Their individual outlook and interest render them unsuitable for the exercise of that prevision necessary for the construction of a sound policy."

After perusing the above facts my readers will quickly come to the conclusion, I trust, that the Private Trading Banks have been largely responsible for the Depressions of the past. They acquire wealth in the cheapest market (deflatory period) and sell in the dearest (Inflatory period).

THE GREAT DEPRESSION.

"The great depression proved that irrational and incalculable forces also rule peacetime society.

"Like the forces of war, the forces of depression reduce man's rational and mechanical concept of his own existence to absurdity . . . " . . . and, like the forces of war, depression shows man as a senseless, whirling machine, which is beyond human understanding and which has ceased to serve any purpose but his own."

(From Peter Drucker's "The End of Economic Man").

The depression is a small price to pay if it induces men to think about the cause of the disorder and the confusion and insecurity of our time. It seems incredible that men who have brought the technique of applied physical discovery, invention and use to such a pitch of perfection will abdicate in face of the infinitely more important human problem.

Can we, and should we, forget the happenings during the great depression, when we experienced such unbelievable conditions in the midst of plenty?

It was a period of business liquidations, bankruptcies, bank foreclosures, suicides, doles. Relief schemes and all manner of make-believe remedies were used to cover up the economic plague spots.

Mr. W. M. Hughes faced up to the money-changers in his booklet "Bond and Free," written during Australia's crisis. He says: "Trade depressions, unemployment, collapse of share values are a devil's brood, hatched by our fears, fanned by propaganda."

He did not say by whom and in whose interests this propaganda was fanned, but he did say: "Depressions grow by what they feed on. If people believe that the future is black they will button up their pockets and so precipitate or intensify that depression, which could have been averted had not fear clouded judgment."

It is interesting to be reminded again of Mr. Hughes' attitude during those serious times when he faced up to the scheming of Sir Otto Niemeyer, who came here to plan out a depression for the Australian people, stressing the necessity for us "to tighten our belts and go without."

"The lower standard which Sir Otto Niemeyer urges us to adopt," stated Mr. Hughes, "is not a temporary expedient to meet a passing emergency, but a permanent condition to which we must for ever submit."

"This is Sir Otto Niemeyer's policy, and our acceptance of it is the condition upon which the financial interests he represents are prepared to help us."

"If Sir Otto Niemeyer had represented the British Government the position would have been different, but he represents a private bank (the

Bank of England). He represents not the people of England, but great financial interests."

One cannot relate in this small treatise many of the tragic instances of the desperate plight that thousands of willing and deserving Australians were forced into, due to no fault of their own.

Many of these men have already made the extreme sacrifice in World War No. 2, believing that it was their duty to protect this country and its wealth from invasion by a foreign foe. Yet, during the financial depression all that we could offer them from our great country of real wealth was the dole standard of existence.

The ex-President of the Pennsylvanian Bankers' Association, Congressman Louis McFadden, declares (speaking of the Depression) that "It was not accidental but a carefully contrived occurrence as the International Bankers sought to bring about a condition of despair so that they could emerge as rulers of all."

Out of the conditions existing during the depression there developed a demand in the minds of the people to discover the reason for such conditions—for they felt that there must be something wrong with our Banking and Monetary System—the means of distribution had completely failed. As a consequence, the Australian Royal Commission on Banking (July, 1937) was set in motion.

The inquiry was conducted by a majority of men having strong leanings to the Bankers' debt-money system—yet, notwithstanding that, they came to certain radical and vital conclusions.

Note these few important conclusions:—

OBJECTIVE.

CLAUSE 516.—"The general objective of an economic system for Australia should be to achieve the best use of our productive resources, both present and future."

"This means the fullest employment of people and resources under conditions that will provide the highest standard of living."

"It means too, the reduction of fluctuations in general economic activity."

"Since the monetary and banking system is an integral part of the economic system, its objective will be to assist with all the means at its disposal in achieving these ends."

Certainly such a pronouncement was a marked advance in thought.

RESPONSIBILITY.

Part of Clause 530 reads: "The Federal Parliament ultimately is responsible for monetary policies and the Government of the day is the executive of the Parliament."

POWER OF THE PEOPLES' BANK.

Part of Clause 504: "Because of this power, too, the Commonwealth Bank can increase the cash reserves of the trading banks. For example, it can buy securities or other property; it can lend to the Governments or to others in a variety of ways; and it can even make money available to Governments or to others, free of any charge."

This admission that the Commonwealth Bank "can make money available to Governments or to others free of any charge" is of the utmost importance for the future of Australia.

Firstly, we have a clear objective set down; "the best use of our productive resources," the provision of "the highest standard of living," and the use of

the "monetary and banking system in achieving these ends."

Secondly, the Government is responsible to the people for the Monetary Policy.

Thirdly, the Commonwealth Bank is the people's bank, publicly owned to implement the policy.

Often, when it is suggested that the Commonwealth Bank make money available for Governments and industry "free of any charge" there is a wail and cry from the "sound financiers" that this would lead to inflation, but they have no compunction in allowing the private trading banks continually to create and loan their costless-to-create debt money at interest and cause inflation and then reaping a harvest in assets by foreclosure when a depression came by deflation.

THE STORY OF THE £6,000,000.

In an article in an English financial journal, Sir Alfred Davidson, General Manager of the Bank of New South Wales, asks, by implication (says the "Sydney Morning Herald"), to what extent did the Commonwealth Bank expand credit by taking up £6,000,000 in the £72,000,000 Defence and Conversion Loan, December, 1938.

It is well to trace the happenings before and since the Commonwealth Bank subscribed to the loan.

In August, 1938, Professor T. Hytten, of the Bank of New South Wales, made startling admissions regarding the position of the nine trading banks, namely:

That "the percentage of total cash reserves of the total deposits decreased from 12.37 per cent. to 10.48 per cent. All this means that the banks simply have not got cash to advance, and restriction of credit is inevitable."

Of course, most thinking people now realise that the banks do not actually advance cash, but rather create financial credit money (cheque currency and ledger entries), and loan it out at interest on the backing of the Government-created money (Notes, Coins, Bills, etc.).

THAT INFLATION BOGEY.

The bankers' bogey, inflation, it will be noticed, is always trotted out whenever it is suggested that the nation should create and issue its own costless-to-create debt-free money, but when the private banks create their costless-to-create debt-money, nothing is mentioned about inflation.

In 1930, Mr. E. G. Theodore, then Federal Treasurer, introduced a Bill to create a fiduciary issue of £18,000,000 to assist wheat farmers and relieve unemployment. The Opposition and the trading banks immediately brought out their bogey of inflation.

Yet exactly the same thing was done in 1914, when the Government gave the banks notes for £10,000,000 in gold and issued on that sum another £18,000,000 in notes, which were not used for war purposes, but for development works in the States.

Thomas Edison, the famous inventor, said: "It is absurd to say that our country can issue thirty million dollars in bonds (in Australia we would call them Treasury Bills) and not thirty million in currency. Both are promises to pay, but one promise fattens the usurer and the other helps the people."

If Government security is good enough for a private bank to build book credits, issue cheques and draw profits, it is sound for a Commonwealth Bank to do so.

THE 1938 PLOT.

In addition to the previous moves to checkmate the bank's effectiveness, we had another "Commonwealth Bank Amendment Bill." This was quietly brought before the Federal Parliament by the Lyons Government (Mr. Casey being the Treasurer) in the closing stages of the last session in 1938.

At first sight it was an innocent-looking measure, but it contained provisions which, if carried, would have meant handing over the people's bank to inscribed stock-holders, and these could easily have been the Sir Otto Niemeyers and the Montagu Normans for all we would have known.

Thanks to the small band of watchful monetary reformers, who so forcibly exposed this iniquitous Bill, the people's bank was saved from getting into the hands of financial interests.

Nothing has since been heard of the measure, and evidently it rests in peace in the Canberra library with other Acts that were never finally made laws. If it had been carried, it might have meant a sell-out to debenture-holders and inscribed stock-holders, resident here or beyond these shores.

At the time this cunning move was being launched, the bank's position was unique, particularly when it is remembered that it started with a paltry £10,000.

In 1938 the assets exceeded the liabilities by some £19,000,000 (including all Departments) and its annual profits were just on £1,500,000. Of course, the position at the present time (1947) is even much stronger.

It goes to show that there is money in banking, even if we ignore the undisclosed profits and secret reserves.

WHOM SHALL THIS COMMONWEALTH BANK SERVE—THE PEOPLE, OR THE PRIVATE BANKING MONOPOLY?

"The Australian Banker," official organ of the United Bank Officers' Association, once stated: "The Commonwealth Bank can fulfil its role of leader efficiently, only if it has the complete confidence of the trading banks and of the public.

"It will not enjoy the confidence of the trading banks if it is a keen competitor with these banks."

A MONEY MAKER.

This people's bank is a great money-maker in more ways than one. It has proved itself the most profitable of the Government Institutions and all other public utilities in Australia, and this, notwithstanding the constant schemes and plots that have been hatched to destroy its usefulness as a servant of the community.

It can be made capable of rendering even greater service in the future development of Australia and of eliminating the need for increasing debt and taxation and the economic insecurity of the people.

The Federal Government must first set to work to undo the knots that have been tied around this bank if our post-war planning is to be something more than mere promises.

L. C. Jauncey, P.H.D., the noted authority on the Commonwealth Bank, says: "It has developed at times in spite of its leaders, which shows that there is in this world an impelling force that often works in spite of the desires of mankind."

He also states in his book that "the Commonwealth Bank can provide the finance for all legitimate requirements of Government, as well as those of individuals."

In a letter I received from Jauncey in September, 1943, he said: "You people set the stage for a good development of progress in the Common-

wealth. You set an excellent standard of social progress, proved by the passage of time. I note that the Commonwealth Bank is growing ever more important to the community. I believe that money and banking will be the greatest economic problems facing the world after the war. You have done well to stress the monetary problem during recent years in your work for economic justice."

The Commonwealth Bank has sought nothing from Governments, but, on the contrary, has helped them in many national undertakings, including the construction of the East-West Railway, portion of which can claim to be without debt and free from interest burdens.

On the other hand, the Sydney Harbour Bridge is an example of what it means to carry out national works on the bankers' debt-money policy, where over 70 per cent. of the Bridge income collected goes out in payment of interest and exchange.

THE FIRST STEP IN THE RIGHT DIRECTION.

During World War No. 2, the Federal Treasurer, Mr. Chifley, M.H.R., stated in April, 1942, that "The private trading banks are not permitted to subscribe to Commonwealth Loans without the consent of the Commonwealth Bank—nor to grant overdrafts for that purpose."

The Federal Treasurer, however, later, in an answer to a question in Parliament, admitted that:

"The total amount of Stocks and Bonds sold since this Government assumed office was £82,000,000.

"This does not include Stocks and Bonds issued in connection with the conversion of matured securities.

"Treasury Bills were also issued totalling £48,500,000 during the same period."

The position thus shows that while the trading banks were not permitted to subscribe to the War Loans they were permitted to buy other Government interest-bearing securities totalling over 130 million.

Hence it was pointed out to the Government how necessary it was to prohibit the trading banks from purchasing any form of Government or Local Government securities with their costless-to-create money—and Mr. Chifley's Government later, in the 1945 Act, extended the prohibition to cover all Government and Local Government securities.

THE COMMONWEALTH BANK.

There are five periods in the history of the people's Commonwealth Bank which are of great interest. They are:—

1. Its establishment in 1911.
2. The Bruce-Page Act of 1924 (that made it a Bankers' Bank).
3. The attempt to strangle it in 1938.
4. The Banking Bills of 1945.
5. 1947 Private Banking System versus the people's right to make money the servant of man instead of the master.

It is a wonder Abraham Lincoln does not turn in his grave to hear the bank-paid propagandists boasting about the service and rightness of the private banking system which has brought U.S.A. to such a pass where mammon and the Mighty Dollar is God.

THE GREATNESS OF THE 1945 PROPOSALS.

In the Banking Bills of 1945 we have reached another great landmark in Australian history, the greatness of which may be unnoted in the midst of the present propaganda of abuse and ridicule being hurled against the Government and the banking measures.

The Commonwealth Bank's success and the position it holds in Australia has made possible the next important step in the 1945 Banking Bills, and by these measures it was made easier for Australia to free her people from economic servitude, also from want and the fear of want.

Such measures were planned to enable Australia's wealth and vast resources to be utilised in the interests of all, instead of for vested interests and financial institutions.

The most important and outstanding section in the Banking Bills of 1945 is that of No. 28, which reads:—

A bank specified in Part I of the First Schedule shall not, except with the consent in writing of the Commonwealth Bank, purchase or subscribe to—

- (a) Securities of the Commonwealth or of a State, or of any Authority of the Commonwealth or of the State.
- (b) Securities of any Local Government Body, in Australia or
- (c) Securities listed on a Stock Exchange in Australia.

This would stop our Governments getting themselves into further debt to the Private Banking Institutions, and to enable us to gradually wipe off the National Debt with its burden of interest, and lead to the reduction in taxation and other levies on our created wealth.

Other vital proposals in the Bank Bills are:—

"That it shall be the duty of the Commonwealth Bank, within the limits of its power, to pursue a monetary and banking policy directed to the greatest advantage of the people of Australia, and to exercise its powers under this Act and the Banking Act of 1945 in such a manner as, in the opinion of the Bank, will best contribute to—

- (a) The stability of the currency in Australia.
- (b) The maintenance of full employment in Australia, and
- (c) The economic prosperity and welfare of the people of Australia.

The Bank shall from time to time inform the Treasurer of its monetary and banking policy.

Should differences occur between the Bank and the Treasurer, the Government must take responsibility for the policy insisted upon.

The other provision which has caused much argument is Sec. 48.

Section 48 provides that—

- (a) Except with the consent in writing of the Treasurer, a bank shall not conduct any banking business for a State or for any authority of a State, including a Local Government Authority.

It was upon this Section (48) that the High Court defeated the Labour Government's intentions as set out in the provisions of the 1945 Banking Legislation as passed by the Federal Parliament.

It is strange that, while the Local Government Association of New South Wales by resolution at its Conference called upon the Federal Government to make it possible that interest-free money be made available through the Commonwealth Bank for National Works, etc., there were some Councils who set out to oppose the principles of Section 48.

This brings us right up to the proposal to Nationalise the Private Trading Banks and surely the history of banking proves that the time is "rotten ripe" for such a change.

Already great efforts have been made by the Private Banking Institutions to stampede the people against the proposal by picturing all manner of dire results if the Private Banks are Nationalised.

The Press is flooded with wild statements as to what will happen when the Private Banks are taken over.

All of a sudden quite a number of new organisations are springing up carrying fancy and appropriate titles to mislead the people.

Many large advertisements against the proposal to nationalise the banks are appearing in the Press and no doubt these organisations are being well supported financially by the Banking System.

One organisation that is well to the front in the opposition to the proposal is the Institution of Public Affairs. The Sydney Morning Herald's leading article of 16th April, 1945, speaking of the Institute of Public Affairs, said: "As political observers said of it, in the Herald some months ago, 'it is no more public than the College of Cardinals.'"

It is fortunate for Australia that the public is not quite so blind and ignorant as the Banking fraternity imagines them to be.

A changed world demands a changed outlook—likewise a change of policy in respect to our Banking and Monetary System.

The demand for such a change presses/forcibly upon our present age.

All down the years most inventions—most changes—have been scoffed at and ridiculed.

A Frenchman once was exiled for proposing to drive a boat by steam, and most others who have dared to progress ahead of their time have been crucified in some way or another—but time marches on and here, in Australia, we again propose to set a lead for the rest of the world.

The Australian Labour Movement is blazing a new trail in Banking and Monetary Reform and the following few pages will let the reader see the tremendous possibilities that lay ahead for our Great Commonwealth.

SUMMARY OF FINANCIAL REFORMS.

The following is a summary of Financial Reforms as laid down by the Labour Movement:—

1. "The Commonwealth Bank to be developed on the following lines:
 - (a) A nation-wide Trading Bank handling the ordinary business of the community.
 - (b) A Savings Bank performing the ordinary functions of such a bank; and
 - (c) A Credit Foncier System for the purpose of providing advances to primary producers and home builders."
2. "The following is adopted as a declaration of policy and in amplification thereof."

PURPOSE.

"The utilisation of the real wealth of Australia to ensure a maximum standard of living consistent with the productive capacity of the Commonwealth through national control of its credit resources and the establishment of an efficient medium of exchange between production and consumption.

PRINCIPLES.

1. "The direction and control of credit resources and banking to be vested in the Commonwealth Bank, operating under the powers and responsibilities defined by the Commonwealth Parliament.
2. "The ensuring of essential community purchasing power by the organisation of employment and the expansion of social services to enable Australian primary and secondary industries to operate at their maximum capacity.
3. "The control of interest rates to reduce the burden upon public and private undertakings.
4. "The financing by the Commonwealth Bank at the actual cost of issuance and service of public works at not less than award rates to aid national development.

PLAN OF ACTION.

1. "The operation of the Commonwealth Bank to be removed from and made entirely independent of private banking interests and free from sectional influences or constraint;
2. "The abolition of the Commonwealth Bank Board and the re-establishment of the original method of control as set up at the time the Commonwealth Bank was founded.
3. "Expansion of the bank's business as a trading bank, with branches in all suitable centres, in vigorous competition with the private banking establishments.
4. "A statutory provision that the banking of all public bodies shall be reserved for the Commonwealth Bank.

NATIONAL CREDIT.

"A National Credit Advisory Authority will be set up to collaborate with the Government and the Bank to plan the investment of national credit and thus utilise to the fullest extent the real wealth of Australia.

"Objects to attain include:—

- (a) "To finance the building of homes and to adjust mortgages at present existing to present values by amortising private mortgages and replacing them with loans issued under the authority of the Commonwealth Bank.
- (b) "To plan future agricultural development with loans issued at nominal rates of interest to promote closer settlement and to effect complete adjustments of existing farm mortgages.
- (c) "To plan the extension of Australian secondary industries to secure a maximum of industrial self-sufficiency, and to provide for effective transport services for the nation.

To carry out these measures and to assure to the people freedom in security, the first step is to get the foundation of our economic structure on solid rock, and this points to the Nationalisation of the Banks.

With America heading rapidly towards a possibly greater depression than she experienced on the last occasion, it behoves the Commonwealth of Australia to prepare its Financial House so as to withstand the economic tornado when it comes in other parts of the world.

The fact that America is the greatest Private-bank-dominated country in the world and has suffered most from bank smashes and depressions than any other country, is in itself sufficient to prove to the people where our main problem lies.

The next Chapter will provide statements made by notable men.

This should be a means of assisting speakers and others to prove the case against the Money Power and to help establish a better means of distributing the wealth the people create.

THE IDEAL POLICY.

What is found to be physically possible must be made financially possible, not only in war time, but also in peace time. It can be done, and it must be done if we are to assure to all mankind that **FREEDOM IN SECURITY FOR ALL.**

.(S.F.A.)

CHAPTER XI.

Statements from Prominent Churchmen, Statesmen, Bankers, Economists and Others on the Banking and Monetary System

THE CHURCH SPEAKS OUT—

The liberals in the Church of England in Great Britain, led by the Archbishop of York, with 23 supporting Bishops (including top-ranking London and Durham, 14 Deans and some 200 Churchmen) recently made history at a notable conference. They gave a lead to the British Government to plan for that New Order, and without a dissenting voice, they adopted a resolution presented by the Archbishop himself, and one of the chief planks of which reads: "Christian doctrine must insist that production exists for consumption. To a large extent production is carried on, not to supply the consumers with goods, but to bring profits to the producers. This method, which tends to treat human work and human satisfaction alike as a means to a false end, namely monetary gain, becomes the source of unemployment at home and dangerous competition for markets abroad. The monetary system must be so administered that what the community can produce is made available to the members of the community, the satisfaction of human needs being accepted as the only true end of production."

His Holiness the late Pope Pius XI., issued the following statement: "In our days, not wealth alone is accumulated, but immense power and despotic economic domination are concentrated in the hands of few who, for the most part, are not the owners, but only the trustees and directors of invested funds, which they administer at their own good pleasure. This domination is most powerfully exercised by those who, because they hold the control of money, also govern the credit and determine its allotment, for that reason supplying, so to speak, the life blood to the entire economic body, and grasping in their hands, as it were, the very soul of production, so that no one can breathe against their will."

The Most Reverend the late Archbishop Le Fanu, Anglican Primate of Australia, said, in 1935: "Our present financial system is not doing its job, and I don't think anyone doubts that very plain statement."

"The fundamental Christian objection to the existing capitalistic system and the bankers' control of money from which it seems inseparable, is that it holds persons in serfdom to the exigencies of financial policy—but money was made for man."

In April, 1945, the same Primate said, in the Church Standard, the official paper of the Church of England: "I have had a circular from the National Bank of Australasia Ltd., which I suppose many people have had. It is protesting rather too violently, I think, against the control of banking affairs by the State. I am afraid the circular did not convince me. The banks are so closely allied to each other that they are virtually a monopoly, and I find it hard to see why they should be considered more disinterested than the popularly elected representatives of the people in Parliament."

The Industrial Christian Fellowship and the Economic Reform Club and Institute, at their Conference held in England in May, 1943, called upon His Majesty's Government "to establish a Monetary System which will allow continuous use of full national productive power in peace as in war, the equation of consumptive power with productive capacity and the restora-

tion to the State of the creation, expansion and contraction of all types of money, thereby enabling the establishment in this country of a truly Christian Social Order."

A PRIMATE OF ENGLAND SPEAKS

The late Archbishop of Canterbury (Dr. William Temple) said: "The private minting of money has long ceased, and we have reached a stage where the private manufacture of credit is become an anachronism (a mistake in time)."

He spoke of money as a "problem which we need to consider with an altogether new thoroughness."

"The issue of newer credits should be the function of a public authority . . . there is a monopoly of credit that dominates society."

BECAUSE NO ONE HAS CHALLENGED IT

The immense power wielded by the banks rests in the hands of a small oligarchy of rich men.

They habitually decide the questions as to whom, to what extent, and for what purpose the credit of the community shall be lent.

"We have to-day the anomaly of the banks creating money on the credit of the community, but for private profit. Their power to control money is exercised because no one has challenged it.

" . . . The instability and uncertainty of commerce are accentuated by the ease with which credit can be manufactured by the banks—not by note issues simply, but by a hundredfold more by credit advances and overdrafts—Rt. Rev. Bishop Moyes, Anglican Bishop of Armidale (N.S.W.), from "The New Era."

RELIGION.

A CHALLENGE.

CHRISTIAN SOCIAL COUNCIL'S BOOK

"THIS UNEMPLOYMENT—DISASTER OR OPPORTUNITY."

"A civilisation in which men have acquired so great control over nature and in which at the same time appear such colossal social and economic failures, is a phenomenon which presents a challenge to any philosophy of life which claims any kind of comprehensiveness.

"If Christianity is a complete philosophy of life, it should be capable of enlightening the world not only on the nature and destiny of human life, but also on the elements which bring about such social defects as the present crisis of industrialism."

THE CHURCH AND ECONOMIC AND SOCIAL QUESTIONS.

Economic despotism is a fire which Christian people must put out or civilisation will perish through rebellion and war.

Jesus was as much concerned with the social order of His time as He was with what the Church calls religion—He was as much concerned for their bodily welfare as He was for their spiritual.

THE BANKER SPEAKS.

TWO STATEMENTS BY SIR BASIL BLACKETT, one time Director of the Bank of England, in his book, "Planned Money," says: "When it is remembered that kings and governments have, throughout the ages, insisted with jealous care on their prerogative of issuing money and controlling

currency within their jurisdiction, it is somewhat strange to find modern States accepting as axiomatic a limitation of their Sovereignty in the sphere of money, so far-reaching in its effects on their own powers and on the daily lives of the citizens as is involved in their agreeing to conform in all circumstances to a standard of value over which they have no control." He also said, in 1931: "At the time of the Great Financial Blizzard it may be that, even now, just round the corner, there is waiting for mankind some very simple device comparable to the use of the cipher in numerical notation or to the placing of the axle under the centre of the carriage which will revolutionise our financial theory and practice, and save future generations from the recurrence of the disastrous sequence of Boom, Slump, Boom, Slump."

MONTAGU NORMAN.

Money talks the wrong and the right way.

What is the wrong way . . . **HERE IS A GEM:**

In the New Zealand Parliament, the Hon. F. Langston, in August, 1944, said: "I have here a statement reported to have been made by the Governor of the Bank of England (Mr. Montagu Norman), in New York in 1931.

The report states: "Let us have a world trading bank to ration industry as we now have a central bank (the Bank of International Settlements) rationing currency. We will put a stop to over-production, not by increasing consumption, but by restricting production to these financially first-class firms in all countries who take up shares in this world bank."

IMPORTANT TO CIVILISATION.

"When one gets a complete grasp upon the picture, the tragic absurdity of our hopeless position is almost incredible—but there it is.

"It (the banking problem) is the most important subject intelligent persons can investigate and reflect upon.

"It is so important that our present civilisation may collapse unless it is widely understood and the defects remedied very soon."

By Robert Hemphill, former Credit Manager of Federal Reserve Bank of Atlanta, America.

OUR ENEMIES—A WARNING.

Mr. E. J. Kelleher, a Director of the Bank of New Zealand, said:—

"If the British Empire was to escape the burden of crushing interest payments after the war, it must immediately replace its privately created finance by State issue—State-created money would be interest free. To fight a war with privately created money is to fight two enemies, one outside our country and one within," he said. "The second is the enemy of perpetual national debt which we have never defeated."

—From "Sydney Morning Herald," June 10, 1940.

In 1932, Mr. E. C. Riddle, Governor of the Commonwealth Bank, when it was under the control of a Bank Board, when he was going to the Ottawa Conference, said:

"Modern thought in regard to banking and finance is undergoing drastic changes. Many old and well-tried theories which stood as sheet anchors in the pre-war days are being torn from their bearings and new ideas are being forced to the front."

A BANKER'S CONFESSIONS SHOULD COUNT.

"The Daily Mirror," Sydney, published a series of articles from Sir Vincent Vickers which exposes the Money Trick. Portion reads:

"Unless we can contrive to design and establish an improved and reformed financial system, which is the first essential towards a new and better economy in our own country, no satisfactory outcome of the war is possible.

"It would have been wise to have expended some of our energies in strengthening our home defences by placing democracy in an impregnable position under a money-machine managed and controlled by its Government and worthy of the public confidence." ("The Daily Mirror," 24/10/41.)

Sir Vincent C. Vickers, November, 1939, after 22 years a Director of Vickers Ltd., a Director of the Bank of England from 1910 to 1919, and a Deputy-Lieutenant of the City of London, has lifted the lid off the Bankers' Box of Tricks in his book "Finance in the Melting Pot."

"I hold views," he says, "which the London Press would not publish. Let us recognise that great social change is coming to this country also, and that a serious social upheaval, even in this country, is not impossible; that prompt action only can ensure that the future shall bring reform and not revolution.

"I have watched for ten years every move, every wriggle, of financial policy! I have seen the effects of the greatest financial blunder the world has ever known—our return to the gold standard after the war.

"It is mainly the money system which is dragging us back, because it remains fundamentally as it was a hundred years ago. As long as the present system is allowed to remain unchanged, nothing can permanently alter the present tragic state of affairs or resolve this devastating economic paradox.

"It is the same story wherever you turn. Reform and Progress, development in every field of human activity is being held up by want of money and the persistence of an out-dated money system."

In a book written just prior to his death, viz., "Economic Tribulations," he says:—

"If once we can decide what it is that constitutes a barrier between the producer and the consumer, whilst both remain dissatisfied, we shall have discovered not only the main cause of the world's discontent and of the existing enmities and jealousies among the nations, but at the same time the true road to the peace of the world."

Of the "Enemy Within," he says: "Are we now fighting to uphold Freedom and Democracy, or are we fighting to uphold and strengthen the dictatorship of international finance? But this world power, with its permitted control of the national money supply and with its support of a monetary system that has plunged every nation into the miseries of irretrievable debt and the world into economic strife, should not be underestimated."

THE DESPOT OF THREADNEEDLE STREET.

Speaking of the Private Banking System and its control of Government policy, Lt.-Commander Kenworth told the world, per medium of "The New Leader," October 9, 1931:

"On one memorable occasion the Governor of the Bank of England (Montagu Norman) was asked the relationship of the Court of Directors to the British Treasury, and he replied that "it was the relationship of Tweedledum to Tweedledee."

FREEDOM—ITS MEANING.

Planned and Edited by Ruth Nanda Anshen.
(George Allen and Unwin, London.)

Extract from J. B. S. Handane, Professor of Genetics, University of London; page 113: "In practice, however, parliaments are also controlled from

outside. In 1921, when Mr. Lloyd George, then Prime Minister of Britain, was displaying a certain radicalism in his financial policy, the "Financial Times" asked: 'Does he and do his colleagues realise that half a dozen men at the top of the five big Banks could upset the whole fabric of government finance by refraining from renewing Treasury Bills?' Certainly the Labour Party realised this ten years later. "Upsetting the whole fabric of government finance is, of course, not sedition."

Prime Ministers and Cabinet Ministers who have in the past opposed or relied on the bankers' judgment have come to grief.

SOME OF MONTAGU NORMAN'S DOINGS:

He was very much responsible for the ill-advised return to the gold standard in the 30's.

He actively opposed the British Treasury's cheaper money policy, which was to help the people, and he succeeded in reversing it shortly before the war.

He went so far as to allow London to over-lend to Nazi Germany and did not exert his influence, as the Bank of England's Governor, to reduce the enormous German Bank debt.

In 1939 he even provided a loan of £50,000,000 to Hitler, and when explaining said: "We will have to give Germany a loan of 50 million. We may never be paid back, but it will be a less loss than the fall of Nazism."

He pursued a serious policy of financial appeasement to the Nazis right up to the beginning of the war.

Even when war started, he strongly opposed a policy of effective exchange control.

The "Sydney Morning Herald" (November, 1935) published Dr. Paul Einzig's opinion of Norman: "The Governor of the Bank of England is something out of date, and a continuation of his policy cannot but have the most dangerous consequences."

NAZIS GOT CZECH GOLD.

Many of my readers will remember the hubbub in the House of Commons over the £6,000,000 of Czech gold that found its way across to the Nazis, unknown to the British Government, according to its Prime Minister (Mr. Chamberlain) at the time.

Montagu Norman and Sir Otto Niemeyer, British Directors of the International Bank, were superior to Parliament.

Everybody was aware that the Czechs had made the order under Nazi pressure, but Mr. Norman did not hesitate to obey it.

We heard a great deal about the "guilty men" connected with the part certain British Statesmen took in the coming of World War No. 2, but, possibly this noted banker should be heading the list. He was, you may be sure, exercising his mysterious spell over these statesmen long before the event, and we poor pawns in the game have to pay the price—in lives, in debt, and in taxes.

DEPRESSION DILEMMA.

Mr. Norman, with his agent, Sir Otto Niemeyer, in 1931 had a great deal to do with the infamous financial policy laid down for Australia during the depression.

It was reported that the bankers assembled at their annual dinner in London on October 21, 1932, when Mr. Norman, addressing the gathering, said:—

"For most of us, one step enough for me. That is as far as, on the whole, I can go.

"The difficulties are so vast, the forces so unlimited, so novel, and precedents are so lacking that I approach the whole subject, not only in ignorance but in humility.

"It is too great for me. I will admit that, for the moment, the way, for me, is not clear. I am willing to do my best."

So here was this great financial expert, the one man largely responsible for the "sound financial" system (so-called), controlling the British Empire and other countries throughout the world, bewildered at the result of an economic and financial conflagration he had started.

Marriner S. Eccles, a leading American Banker, and chairman of the United States Federal Reserve Board, giving evidence before the Senate Committee on Money and Exchange, said: "During the depression, instead of money expanding, it has contracted and intensified the slump."

NOT BY WAR.

He refused to accept the thesis that the depression was caused by the war. "Our present financial troubles," he said, "are not due to the war. We had placed all our losses, including manpower, by 1929. We did not impoverish ourselves in the war, because we used much less than we produced. The surplus we sold to the Allies, as evidenced by the war debts."

Instead, Mr. Eccles preferred to lay blame at the door of the New York bankers and international financial agents. He declared: "The depression resulted from an inadequate distribution of wealth produced.

"It is evident that those in the one-tenth of one per cent. bracket could not possibly expend their income on consumers' goods. Thus an increasing flow was put into producers' goods until the productive plant of the country far outran the nation's ability to consume, although its capacity to consume was still as great as before."

WALL STREET RIOT.

These unorthodox views, coming from the man in charge of the nation's banking system, naturally caused a riot in Wall Street. But consternation spread to panic when Mr. Eccles defined his credit policy thus:

"The need for public control of the function of supplying the medium of exchange to the people of the United States, both by issuing currency and by regulating the volume of bank deposits, seems to be almost a non-controversial measure.

"A change that has occurred in the past quarter of a century has been in the nature of an adaption of an ancient idea to modern conditions.

"It is now recognised that monetary control must not be confined to control of currency, because to an ever-increasing extent the bank cheque has taken the place of currency.

"In this country fully nine-tenths of all payments are made by cheque rather than by cash. Control over the supply of money, therefore, involves under existing conditions, a control over the volume of bank deposits and bank credits."

AUTHORITATIVE STATEMENTS CONCERNING THE CREATION OF MONEY.

(a) Encyclopaedia Britannica, Vol. 15, under "Money":—

"Banks lend by creating credit; they create the means of payment out of nothing."

- (b) Mr. Marriner Eccles, Chairman of the Board of Governors of the Federal Reserve Board, in testifying before the Banking and Currency Committee in Washington in 1935:—

"In purchasing offerings of Government bonds, the banking system as a whole creates new money, or bank deposits. When the banks buy a billion dollars of Government bonds as they are offered—and they have to consider the banking system as a whole—as a unit—the banks credit the deposit account of the Treasury with a billion dollars. They debit their Government bond account a billion dollars, or they actually create, by a bookkeeping entry, a billion dollars."

- (c) Mr. Marriner Eccles also said, in a speech to the Ohio Bankers' Association in 1935: "There is no political or economic power more charged with the general or social interest than the power to increase or decrease the supply of money. If the sovereign authority delegates this power to a particular group or class in the community, as it has done in large part in this country, it divests itself of a part of its effective sovereignty . . . The power to coin money and to regulate the value thereof has always been an attribute of a sovereign power. It was one of the first powers given to the Federal Government by the Constitutional convention. The development of deposit banking, however, introduced into the economy numerous private agencies which have power to create and destroy money without being recognised as creators or destroyers of money by the government of the people."

Let us again put it on record, at the risk of painful repetition, that

- (1) **BANKS DO NOT LEND MONEY DEPOSITED WITH THEM.**
- (2) **EVERY BANK LOAN IS A CREATION OF ENTIRELY NEW MONEY (CREDIT), AND IT IS A CLEAR ADDITION TO THE AMOUNT OF MONEY IN THE COMMUNITY.**
- (3) **NO DEPOSITORS' MONEY IS TOUCHED.**

Over 99 per cent. of the money used in transactions in Australia is bank-created money—Cheque currency. All that a bank does in lending anybody £1,000 is to open an account in his name and write "LIMIT £1,000" at the top of the page. The borrower then operates on this credit by cheque. The fact that he CAN draw out the £1,000 in cash gives the bank's statement a certain spacious plausibility, but this facility is only possible by reason of the fact that it is the rare exception rather than the rule.

Let us now marshal the evidence in support of the FACT that banks CREATE credit and do NOT lend deposits:

THE ENCYCLOPAEDIA BRITANNICA, 14th EDITION, UNDER THE HEADING OF BANKING AND CREDIT, SAYS: "BANKS CREATE CREDIT; IT IS A MISTAKE TO SUPPOSE THAT BANK CREDIT IS CREATED TO ANY IMPORTANT EXTENT BY THE PAYMENT OF MONEY INTO THE BANKS. A LOAN MADE BY A BANK IS A CLEAR ADDITION TO THE AMOUNT OF MONEY IN THE COMMUNITY."

H. D. McLeod, in his text book, "The Theory and Practice of Banking," states:

"The essential and distinctive feature of a bank and a banker is to create and issue credit payable on demand, and this credit is intended to be put into circulation and serve all the purposes of money. A bank, therefore, is not an office for the borrowing and lending of money; but it is a manufactory of credit. In the language of banking, a deposit and an issue are the same thing."

MacMillan report on Finance and Industry, Chapter 4, Page 34:—"It is not unnatural to think of the deposits of a bank as being created by the public, though the deposit of cash representing either savings or amounts

which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an over-draft or purchasing securities a bank creates a credit in its books, which is the equivalent of a deposit . . .

The bank can carry on the process of lending, or purchasing investments purchased, represent nine times the amount of the original deposit of £1,000 in cash."

R. G. Hawtrey, Assistant Secretary to the British Treasury, in his opening speech in the Hawtrey-Douglas debate at Birmingham, made this statement:

"Before setting out to criticise the doctrines of Major Douglas, I should like to say that on certain matters I am in entire accord with him. Among these I would especially mention his view that the demand for commodities arises from incomes and that incomes arise out of production. Further, I agree with him that banks create money, and that trade depression arises from faults of the banking system in the discharge of that vital function."

Hon. R. McKenna, ex-Chancellor of the Exchequer in the British Coalition Government (war period), and chairman of the Midland Bank, the largest trading bank in the British Empire, states in his book, "Post War Banking" (page 76):

"The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan and every bank purchase of securities creates a deposit, and every payment of a bank loan and every bank sale destroys one."

Mr. McKenna also said, addressing a meeting of the shareholders of the Midland Bank, on January 25, 1924:

"I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits and bank purchases. Every loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit." And later, in the same address, he said: "AND THEY WHO CONTROL THE CREDIT OF A NATION, DIRECT THE POLICY OF GOVERNMENT, AND HOLD IN THE HOLLOW OF THEIR HAND THE DESTINY OF THE PEOPLE."

H. D. McLeod, in his "Elements of Banking," states:—

"When it is said that a great London Joint Stock Bank has, perhaps, £25,000,000 of deposits, it is almost universally believed that it had £25,000,000 of actual money to 'lend out' as it is erroneously called. It is a complete and entire delusion. These 'deposits' are not deposits in cash at all . . . They are nothing but an enormous superstructure of credit."

Hartley Withers, in his book, "International Finance," says:—

"A credit in the Bank of England's books is regarded by the financial community as 'cash,' and this pleasant fiction has given the Bank the power of creating by a stroke of the pen and to any extent that it pleases, subject only to its own view as to what is prudent and sound business." (Page 31.)

"It may sometimes happen that the borrowers may require the use of actual currency, and in that case part of the advances made will be taken out in the form of notes, but as a general rule the Bank is able to perform its function of providing emergency credit by merely making entries in its books." (Page 32.)

Professor Soddy, the eminent physicist of Oxford University, stated in a recent article:—

"It is possible in these days of disbelief in physical miracles really to caricature institutions which pretend to lend money, and do not lend it, but

create it? And when it is repaid them, de-create it? And who have achieved the physically impossible miracle thereby, not only of getting something for nothing, but also of getting perennial interest from it?"

In its monthly summary, the National Bank of Australasia printed this statement:—

"They (the banks) are essentially traders in credit, dependent entirely for their existence on the confidence reposed in them by the public. By the manner in which they conduct their affairs is measured the volume of the public's money deposited with them. In turn, this money is lent by the banks to trade and industry, and the difference between the price they pay for deposits and the return received from their subsequent loan, after allowance for sterile deposits in the shape of cash reserves, taxation, provision for bad debts and general expenses, represents their profits."

Professor A. L. G. Mackay, Professor of Economics, University of Rangoon, in his textbook on "Economics," says: "In this way, by means of a loan, an advance, an overdraft, or by the cashing of bills, the banks are able to increase the volume of deposits in the community, and because of this process it is not correct to say that a bank loans out deposits which people make with it.

"It is clear that it creates the deposit by the issue of the loan; the loan travels back to the bank or to another bank and assumes the form of a deposit."

Davenport's "Economics of Enterprise" states: "Banks do not lend their deposits, but by expansion of credits, create deposits."

Sir R. Kindersley, C.B.E. (Director of the Bank of England), in Harmsworth's business Encyclopaedia:—

"Deposits of the commercial and private banks amount to about £2,000,000,000 but this large total has not, of course, been created by the deposit of actual cash, but has resulted in great measure from Credit created by the banks by the lending of money. The difference between actual cash in its own till plus its balance at the Bank of England (i.e., Bank Reserves 10 per cent. of its deposit liabilities) which are Bank Reserves, and the total of the deposits, represents approximately the extent to which the Bank may be said to have manufactured deposits by the Creation and Sale of Credit (Money)".

The late Sir J. M. Keynes—economist: "There can be no doubt that all deposits are created by the Banks."

1931.

JUDGMENT OF COMMONWEALTH FULL COURT.

On 22nd January, 1931, during the depression, the written judgment of the Commonwealth Full Court of Conciliation and Arbitration was delivered (the judges were Chief Justice Dethridge and Judge Beeby and Drake Brockman). It said:

"There is a considerable body of opinion in support of the contention that the handling of currencies and credit, and the Banking System of the world are largely responsible for the present world crisis.

"Under the world's Banking System it has become an instrument for controlling the future production of wealth. Whether this control is for ever to be kept in the hands of profit-making institutions has become a question which has been agitating the minds of thinking men in all parts of the world.

"Many eminent economists and statesmen to-day support the idea that the control of money should be a State function rather than a field for dividend making."

This judgment remains equally true and important to-day (1947).

LLOYD GEORGE, 1940.

David Lloyd George, writing in "Britain's New Order," 1941, said:—

"The unfortunate financial policy dominated our trade and restricted our production for the whole of the period which elapsed between the two wars. The need for every kind of goods was claimant. The labour and material for supplying them were overflowing but the means of payment were deliberately pinched to suit a narrow doctrine adopted only for the exigencies of the Stock Exchange and of a sterilizing banking system, "Money not means" ruled the economy of the nations.

"An effort was made by some of us to induce the Government to employ the credit of the State for supplying the crying needs of the community, the construction of roads to meet the growing demands of our rapidly increasing motor traffic and the reconditioning of our decaying agriculture and the regeneration of the countryside. The provision of cheap electricity for light and power throughout the land, the provision of cheap telephones, the development of our canals, with a multitude of other projects designed to equip and enrich the country—but Mammon was on the throne and ruled all these schemes out.

"To-day we are suffering from the consequences of this policy."

BANKING.

WHO CONTROLS OUR MONEY MEANS TO LIFE?

The late Lord Tweedsmuir (John Buchan), Governor-General of Canada, in a "Prince in Captivity"—published 1935, says:—

"There is a great and potent world which the Government do not control—That is the world of Finance, the men who guide the ebb and flow of money; with them rests the decision whether they will make that river a beneficent flood, to quicken life, or a dead glacier, which freezes wherever it moves, or a torrent of burning lava, to submerge and destroy.

"The men who control that river have the ultimate word."

3/2/1908.—Pierpont Morgan—states that: "The Banks will take their time to resume specie payments and will continue to use their own notes so long as it suits their convenience."

Woodrow Wilson (in 1911) said: "The greatest Monopoly is the Money Monopoly. The financiers are more powerful than the nominal rulers."

Lord Bryce, in his book on "Scientific Solution of the Money Question," says that: "Man's most dangerous and insidious enemy is the Money Power."

PROFESSOR PAUL EINZIG, writing in "CURRENCY AFTER THE WAR," says:—

"It may seem difficult to understand why mankind willingly put up for so long with the tyranny of the orthodox monetary system, and why an immense amount of human happiness was so readily sacrificed in order to uphold rules which could have been changed with the stroke of the pen."

THE MONETARY REFORMERS.

Paul Einzig said: "The only fault with many monetary reformers was, that they were before their time." He says: "Most of these pioneers were people whose enthusiasm outran their knowledge of the subject—in plain English, they were currency cranks.

"These reformers, or at any rate, many of them, had the right ideas. What they lacked, however, was the background of a thorough knowledge of the orthodox system which they sought to overthrow. Yet it is essential first to absorb orthodoxy before departing from it. In order to reduce the

citadel of monetary orthodoxy, defended as it was by the formidable authority of generations of economists and by an intimidating array of bankers and other specialists, together with the force of tradition, it was necessary that the defenders should be assailed with their own weapon."

May I here say that this is the main purpose of this my book—it is not to set forth any "ism" but rather to expose and first remove the fundamental flaw in the present System.

BRITISH BANKS INDICTED.

"Sun" Special, Sydney, 1/11/1932 (London, Monday): "The charge of the Light Brigade does not compare with bank charges", Sir Abe Bailey, the South African mining magnate and financier, told the Royal Empire Society to-day!

"The Big five Trading Banks have head offices like St. Paul's Cathedral. Every London street has a bank on one corner and a 'pub' on the other. Both have their liquid assets. The Bank of England plays hide and seek with America as a professional 'Skinner'."

"Surely the banks are inviting nationalisation." What a confession from a big Industrialist!

From the Halley Stewart Lectures, 1931:—

Sir W. N. Beveridge, Director of the London School of Economics and Political Science since 1919, sums up the position: "Let me sum up in a few sentences the essentials of the crisis. It has come about by a fall in prices.

"That fall has produced unexampled paralysis . . . this crisis of to-day represents a failure to manage credit, to avoid alternate inflation and deflation of purchasing power.

"There is a plan in our machinery for making and unmaking purchasing power! It is not under control.

"If you look back in history you will see that from the earliest times, the making of money, of purchasing power, has been a thing which men have thought should be controlled by one authority in the State, and should not be entrusted to many authorities or to private caprice.

"The making of purchasing power is too important to be allowed to a Subject."

J. B. Priestley, B.B.C. Announcer, and well-known writer, says:—"WHY HAS IT NOT BEEN GENERALLY REALISED THAT MONEY IS A SERVANT AND NOT OUR MASTER? WHY WASN'T THE FINANCIAL SYSTEM SCRAPPED LIKE ITS CONTEMPORARIES, THE WOODEN WARSHIP OR THE STAGE COACH? BECAUSE TOO MANY INFLUENTIAL PERSONS IN A POSITION TO SWAY GOVERNMENTS AND CONTROL PUBLIC OPINION WERE DIRECTLY INTERESTED IN KEEPING THIS ROTTEN OLD THING GOING, AND UNLESS THIS SUPREME RACKET IS SMASHED WE SHALL BE PLUNGED AGAIN INTO THE SAME WHIRLPOOL OF DEPRESSION." This is strong language, but it's perfectly true.

THE GREAT MONEY TRICK.

The magazine, "Digest," of America, which has a circulation of one and a quarter million, in introducing an article by Gorham Munson (the noted money-reform journalist) says: "Money? It's the rabbit out of a banker's hat! It was a wow of a trick until it was done too often. Now the audience is starting to walk out."

In the article Munson quotes Major L. L. Angas, one of the best advertised of investment councillors, as having admitted: "The modern banking system is perhaps the most astounding piece of sleight-of-hand that was ever invented."

THIS FREEDOM!

Will Dyson, the great artist, in his book "Artist Among the Bankers," says: "As fast as all other freedoms are produced in industry they are denied us by finance."

"There is only one freedom—the freedom to live one's own life. The freedom to do this is increasing with every job that a machine takes off the shoulders of man. Man is freer to live his own life; he is emerging from the slavery of imposed work. Slavery operates in no other way than in imposing work."

"Money is free to bargain, and man is only free to accept the bargain, Finance demands that we must all work to get food."

THE VOICE OF STATESMEN.

At his great inauguration speech, Franklin Roosevelt, in March, 1933, said: "Practices of unscrupulous money-changers stand indicted in the court of public opinion, rejected by the minds and hearts of men . . ."

Mr. Mackenzie King, the Leader of the Liberal Party in Canada, and Prime Minister of the Dominion, said, in a speech before the Canadian election in 1935: "Canada is faced with a great battle between the money power and the power of the people, a battle which will be waged in the next Parliament. I plead for a sweeping Liberal majority in order to carry out my policy of **PUBLIC CONTROL OF CURRENCY AND CREDIT**. Until the control of currency and credit is restored to the Government, and recognised as its most precious and most sacred responsibility, all talk of the sovereignty of Parliament and democracy is idle and futile."

—From London Economic Reform Club and Institute Publication.

Thomas Jefferson, the great American Statesman, said: "I believe that the banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. The issuing (of money) power should be taken from the banks and restored to the government and to the people to whom it belongs."

Abraham Lincoln wrote of Jefferson's principles (see page 61 of "Wit and Wisdom of A. Lincoln, by H. J. Lang): "All honour to Jefferson—to the man, who, in the concrete pressure of a struggle for national independence by a single people, had the coolness, forecast, and capacity to introduce into a merely revolutionary document an abstract truth, applicable to all men and all times, and so to embalm it there that to-day and in all coming days it shall be a rebuke and a stumbling block to the very harbingers of reappearing tyranny and oppression."

Lincoln himself said: "I have two great enemies—the Southern Army in front of me and the financial institutions in the rear. Of the two, the one in the rear is my greatest foe."

PROFESSOR COPELAND

"The control of banking policy has become a major political question in all modern communities."

BANKING IN AUSTRALIA.

In the course of a debate between Mr. E. G. Theodore (ex-Commonwealth Treasurer) and Mr. R. Windeyer, K.C., on the Nationalisation of Banking, in September, 1932, Mr. Theodore said that the existing monetary system had failed hideously. This, he said, "had brought civilisation to the brink of ruin, causing misery and starvation in the midst of plenty through the ineptitude of those who had the financial power. The banks had not collapsed, although thousands and perhaps millions, of business men throughout the world had been ruined."

Mr. Theodore said: "The object of nationalisation would be to prevent us ever again being subjected to the dangers of monetary collapse; it would save our industries and producers from destruction."

This was published in "The World," Thursday, September 29, 1932.

This is a great lead to those of us in the year 1947—"let us keep on keeping on."

Abraham Lincoln's Monetary Policy: "Money is the creature of law, and the creation of the original issue of money should be maintained as an exclusive monopoly of National Government. Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise, need not and should not borrow capital at interest as the means of financing governmental work and public enterprise. The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. **The privilege of creating and issuing money is not only the supreme prerogative of government but it is the government's greatest opportunity.**

"By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. The taxpayers will be saved immense sums in interest, discounts and exchanges. The financing of all public enterprise, the maintenance of stable government and ordered progress and the conduct of the Treasury will become matters of practical administration. The people can and will be furnished with a currency as safe as their own government. Money will cease to master, and become the servant of humanity. Democracy will rise superior to the money power."

The above is portion of an extract of Lincoln's monetary policy from Major McBeer's "Conquest of Poverty," and has been certified as correct by the Legislative Reference Service of the Library of Congress at the instance of the Hon. Kent Keller, Member of the House of Representatives.

This great ideal of Lincoln's is possible of fulfillment in our time. So let our Commonwealth march forward as quickly as possible towards its establishment.

Australia can help to release, not only its own people, but also the peoples of the world, from the shackles of the Banker's Debt System.

FINIS.

Further copies can be had from the author, Box 1178, G.P.O.